FINANCIAL TIMES

World Business Newspaper

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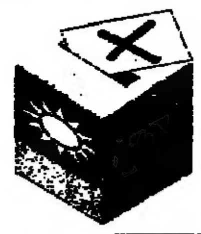

Taiwan elections
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TOMORROW'S
Weekend FT
Full boats - empty seas

British beef banned in four countries

UK fears whole 11m herd may have to be destroyed

By Clive Cookson in London, Caroline Southey in Brussels and Peter Norman in Bonn

International alarm over the possible link between BSE, or mad cow disease, and human brain disease grew yesterday, as France, Belgium, Sweden and the Netherlands banned imports of beef from Britain. Germany called for a EU-wide ban.

The UK government reacted angrily to the moves. It is making representations to the European Commission and has vowed to take the matter to the European Court if necessary. Mr Douglas Hogg, the UK agriculture minister, said the moves were unreasonable, "quite unnecessary and probably illegal".

UK ministers fear that scientists on their BSE advisory committee could reopen the question of the destruction of the whole 11m national herd, at an estimated total cost of £15bn-£20bn ($23bn-$31bn), when they meet to reconsider health issues this weekend. Although the 13 scientists are meeting primarily to advise the government on whether to issue a special health warning to children eating beef, the question of the mass destruction of British cattle is also expected to arise.

Mrs Angela Browning, junior agriculture minister, said: "If that was their recommendation, we would have no choice."

The current wave of public concern follows the committee's conclusion, made public on Wednesday, that there is probably a link between 10 recent cases of Creutzfeldt-Jakob disease in young people and beef consumed during the late 1980s.

The British meat trade feared the worst yesterday, signalling that orders in the UK and overseas appeared to have dried up overnight. "There has been a steady stream of cancellations of export orders from as far away as Egypt and Mauritius. The impact is very, very serious," said Mr Peter Scott, general secretary of the Federation of Fresh Meat Wholesalers.

Yesterday's action by the UK's EU partners was a savage blow to the government, farmers and meat trade as they tried to reassure domestic consumers.

In a joint statement, the German federal ministries of health and agriculture in Bonn said they were working on a comprehensive catalogue of measures for EU-wide consumer protection in the light of the latest "disturbing" information which they would publish today.

They said a decision would also have to be made on how far consumer protection measures were extended against other countries with BSE. All measures would

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A farmer's nightmare, Page 19
McDonald's buys chain, Page 21

McDonald's plans to triple number of outlets in Italy

McDonald's of the US, the international chain of burger restaurants, is poised to treble the size of its Italian operation by swallowing Burghy – its biggest rival there. The US group signed a letter of intent to buy all 80 Burghy restaurants from private food and catering group Cremonini. Page 21

BMW to raise Rover investment: BMW is to invest about £500m ($765m) a year for the next five or six years in new models and production facilities at Rover Group, its UK vehicles subsidiary. Page 8

Russia plans $500m bonds sale: The Russian government will this month attempt to sell $500m of state bonds to foreign investors, indirectly helping to fund President Boris Yeltsin's promises to increase social spending before June's presidential elections. Page 20

Spies and leaks costing US companies: Theft and leakage of corporate and industrial secrets in the US has more than trebled in the past three years and may now be costing business $2bn a month, according to a study by the American Society for Industrial Security. Page 20

LVMH, the French luxury goods group, reported net income up 10.3 per cent to FFr4.1bn ($812m) in 1995, after its decision to reduce its involvement in the drinks sector. Page 22

German investor loses Walkman case:

German inventor Andreas Pavel (left), who claimed he patented the personal stereo system, lost his court challenge to Sony and Toshiba after judges ruled his patent on a personal stereo worn on a belt was not an inventive concept. Mr Pavel, who now lives in Milan, had hoped to claim up to £100m ($153m) in royalties from companies which marketed personal stereos. He is pursuing a similar action against Sony in the US.

Brussels redefines TV programme: The European Commission has proposed a new definition of a television programme which critics say could stifle investment in online and electronic communication services. Page 2

Russian companies face cash clampdown: Russian companies would be allowed to withdraw cash from bank accounts only to pay wages or cover business travel expenses, under a government proposal to clamp down on tax evasion and the black economy. Page 2

Bekaert, the Belgian wire and steel cord producer, warned of a "clear slowing down of economic activity" in Europe in recent weeks, as it announced a 10 per cent increase in net profits last year to BFr3.18bn ($104.7m). Page 23

TB warning: Tuberculosis killed a record 3m people worldwide last year and will kill more than 30m over the next decade unless governments and the pharmaceutical industry increase spending on prevention and research, the World Health Organisation warned. Page 7

Patents war over corn seeds: The launch of the world's first biotech crops has triggered a patents war in the US, where Monsanto has filed suits against its leading rivals, Mycogen and Ciba for marketing insect-resistant corn seeds. Page 5

China may drop yuan trading ban: China appeared to foreshadow an end to the ban on foreign banks dealing in yuan with the announcement that foreign institutions would be allowed to establish sub-branches in four cities. Page 6

Canada eases foreign bank curbs: Canada may ease restrictions on foreign-owned banks, enabling them to compete better with big domestic institutions. Page 24

IMF plan to expand overdraft: The IMF's chief economist said a proposal to expand its overdraft facility for central banks could save poorer countries $1.5bn a year. Page 7

French arrest sun sect members: French police, fearing a fresh mass suicide, have rounded up more than 30 members of the Order of the Solar Temple sect. Sixteen sun worshippers died in a remote French forest clearing in December, the sect's fourth suicide-murder.

Former Iraqi army chief defects: Jordan granted asylum to a former chief of staff of the Iraqi army, Staff-Lieutenant General Nazar Khazraji, who has defected to the opposition seeking to overthrow President Saddam Hussein.

■ STOCK MARKET INDICES		
New York: lunchtime		
Dow Jones Ind Av	5631.22	(-24.20)
NASDAQ Composite	1101.49	(-0.33)
Europe and Far East		
CAC40	1976.89	(+7.10)
DAX	2504.12	(+18.22)
FT-SE 100	3698.3	(+12.9)
Nikkei	20727.53	(+284.93)

■ US LUNCHTIME RATES	
Federal Funds	5⅛%
3-mth Treas Bills: Yld	5.103%
Long Bond	92
Yield	6.612%

■ OTHER RATES		
UK: 3-mo Interbank	6⅛%	(same)
UK: 10 yr Gilt	96⅛	(96⅛)
France: 10 yr OAT	103.71	(104.22)
Germany: 10 yr Bund	96.55	(96.57)
Japan: 10 yr JGB	98.509	(98.58)

■ NORTH SEA OIL (Argus)		
Brent 15-day (May)	$18.735	(18.82)

■ GOLD		
New York: Comex		
(Apr)	$398.7	(396.5)
London:		
close	$396.8	(395.0)

■ DOLLAR		
New York: lunchtime		
£	1.5365	
DM	1.47885	
FFr	5.071	
SFr	1.19625	
Y	106.575	
London:		
£	1.5373	(1.5364)
DM	1.4763	(1.4775)
FFr	5.0613	(5.0594)
SFr	1.1943	(1.194)
Y	106.535	(106.57)

■ STERLING		
DM	2.2695	(2.27)
Tokyo close:	Y 106.45	

Albania	LEK 220	Germany	DM4.00	Lithuania	Lts 15.00	Qatar	QR13.00
Austria	Sch37	Greece	Dr400	Lux	LFr75	S.Arabia	SR12
Bahrain	Din1.250	Hong Kong	HK$20	Malta	Lm0.65	Singapore	S$4.30
Belgium	BFr75	Hungary	Ft230	Morocco	MDh16	Slovak Rp	Sk65
Bulgaria	Lw130.00	Iceland	IKr230	Neth	Fl 4.75	S. Africa	R12.00
Cyprus	C£1.20	India	Rs75	Nigeria	Naira90	Spain	Pta250
Czech Rp	Kc50	Israel	Shk7.90	Norway	NKr20.00	Sweden	SKr20
Denmark	DKr18	Italy	L3200	Oman	OR1.50	Switz	SFr3.70
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Syria	S£65.00
Estonia	EKr 22	Jordan	JD1.50	Poland	Zl 5.50	Tunisia	Din1.750
Finland	FM15.50	Kuwait	Fils.650	Portugal (m'land)	Es240	Turkey	L70,000
France	FFr11.50	Lebanon	LL3,000			UAE	Dh12.00

Former Greek prime minister Andreas Papandreou, 77, left hospital yesterday after a four-month stay during which he hovered near death and was forced to resign from office. Accompanied by his 40-year-old wife Dimitra Liani, he said: "With love, I'm leaving from this" Picture: Reuter

Tobacco groups 'would consider' deal on claims

By Richard Tomkins in New York

A senior tobacco executive has acknowledged for the first time that the US industry would consider signing a legal and financial deal that settled anti-smoking claims for ever if it guaranteed immunity from litigation.

Mr Steven Goldstone, chief executive of RJR Nabisco, the second biggest US tobacco group, said the industry could never accept a settlement like the one just announced by Liggett, the small cigarette company controlled by Mr Bennett LeBow, because it would cause an avalanche of further claims.

However, Mr Goldstone told the Financial Times: "That doesn't mean that legislative, executive, political, social and other sources can't be brought together to resolve this issue. Nor does it mean that the tobacco industry has such a fight-to-the-death mentality that it would ignore eminently reasonable solutions."

Mr Goldstone was speaking after Mr LeBow's decision last week to break ranks with the rest of the industry and reach a financial settlement with two groups of anti-smoking litigants. The move was widely seen as a ploy in Mr LeBow's battle to seize control of RJR Nabisco.

Until now, no US tobacco company has ever paid out any money in connection with an anti-smoking lawsuit. Mr LeBow's move has been widely seen as a potentially devastating breach of that previously unbroken record.

Mr Goldstone declined to say what form of settlement would be acceptable to the industry. But he had been asked whether cigarette companies might consider a deal with the federal government under which manufacturers paid compensation for the costs associated with smoking – perhaps through a levy on revenues or profits – in return for immunity from anti-smoking lawsuits.

Mr Goldstone replied: "It's only something like that that could conceivably be logical. You can't settle these cases on a case-by-case basis: it's irrational, and its 100 per cent wrong for our industry to do so.

"That obviously leaves open the question of whether there can be a way on an all-embracing basis to solve the problem once and for all. I don't know of a way, but I do know that it isn't the kind of thing that the tobacco industry would try to obstruct, because we know that litigation is not good for our companies."

Mr Goldstone made it clear that he was speaking hypothetically. No such proposal is before the industry; the terms of a financial settlement would be very fiercely argued, and a US government would probably be reluctant to face the controversy that a settlement would involve.

Ifs and butts of litigation, Page 4
Lex, Page 20

General Motors stoppage set to end

By Richard Waters in New York

General Motors reached an agreement with the United Auto Workers union yesterday which looked set to end the worst stoppage in the US motor industry since 1970.

The deal would end a 17-day stoppage which has brought GM's North American operations almost to a halt.

"We reached a tentative agreement at 12.45pm," said Mr Charles Kronbach, a company spokesman at GM's Delphi Chassis plant in Dayton, Ohio.

The stoppage, which began on March 5, involved workers at only two GM parts factories in Dayton. However, it spread quickly through the rest of the group's operations as a shortage of brake parts began to bite, forcing the company to send home 177,375 workers by yesterday.

The union had objected to GM's plans to buy anti-lock braking systems for two new models from Bosch, the German industrial group, rather than make them itself. Though only affecting about 100 new jobs that the union wanted at the Dayton plants, the move raised union suspicions that GM would seek to cut its labour costs by relying more on non-unionised suppliers.

No details of the settlement, which is subject to a vote by workers in Dayton, were immediately available yesterday.

However, union representatives tried to play down the significance of the settlement yesterday. Their stance indicated they might not have won the central argument in the dispute.

Mr Richard Shoemaker, the union's vice-president, refused to comment on the details, but said: "This has been a local settlement over local issues in a plant that is extremely important in the GM [supply] chain."

In a reference to national negotiations which are due to start soon over a new three-year contract between the union and the US's three big automakers, he added: "This strike has no implications for September."

However, the time it has taken to reach a deal, and the financial cost to both GM and the union, point to the significance the dispute is likely to assume in the national talks.

GM's readiness to fight reveals a fresh determination to reduce labour costs. The company relies to a far greater extent than its competitors on parts it makes itself, making this issue central to its efforts to lift profitability closer to the level of more efficient rivals such as Chrysler.

Yesterday, GM said only two of its 29 assembly plants in North America were still operating – both of them in Mexico.

BMW invests in Rover, Page 8

Three large Japanese banks set for losses from bad loans

By Gerard Baker in Tokyo

Three of Japan's largest banks yesterday said write-offs of bad loans, on a scale much higher than previously planned, would plunge them into the red for the financial year ending this month.

The announcements mark the most determined efforts yet by the country's leading banks to rid themselves of their vast portfolios of non-performing loans, accumulated during the collapse of property prices over the past five years.

Sanwa Bank, the Industrial Bank of Japan (IBJ) and the Long-Term Credit Bank of Japan (LTCB) all issued sharply revised profit forecasts for the current year, converting the previously projected profits into heavy losses.

Sanwa, one of Japan's six biggest banks, said it would declare a pre-tax loss of Y260bn ($2.44bn), its biggest deficit to date, as a result of a write-off of Y950bn in non-performing loans. Last November, the bank forecast a pre-tax profit for the year of Y65bn. The bank claimed the aggressive move had eliminated the bank's bad loan problems. "This is the end of the non-performing loan difficulties for Sanwa Bank," it said.

The write-off leaves Sanwa with an estimated 70 per cent of its non-performing loans covered by loan loss reserves, a figure likely to cover the actual eventual losses on those loans.

IBJ said it would report a pre-tax loss of Y160bn, against an earlier forecast profit of Y50bn, as a result of its decision to write off Y850bn in bad loans. It would meet part of the loss by selling several tracts of land in central Tokyo, expected to raise Y50bn, to a subsidiary.

LTCB's write-offs for the year will be Y650bn, producing a pre-tax loss of Y95bn, compared with a forecast last November of a Y30bn profit.

All three banks said they would suspend bonuses for their directors. Sanwa and IBJ also announced plans to cut staff and the bonuses of many categories of employees. LTCB has already announced a restructuring plan.

A substantial part of the write-offs stems from the three banks' exposure to the country's bankrupt housing loan companies, or *jusen*. The government is locked in a struggle with the opposition over a plan to contribute Y685bn of public money toward the liquidation of the *jusen*.

For almost half a century the idea of declaring a loss was considered unthinkable by Japanese banks and the financial authorities. But the need to restore balance sheet health has now forced banks to take more aggressive action.

Last year Sumitomo Bank broke the taboo by reporting a pre-tax loss of Y335bn, then Fuji Bank, the largest lender, forecast a loss of Y440bn. Most of the other leading banks are expected to follow suit.

Mr Tadashi Ogawa, vice-minister for finance, said: The anticipated losses mean progress in the disposal of problem loans and should help Japan restore domestic and overseas confidence in its financial system."

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LONDON · LEEDS · PARIS · FRANKFURT · STOCKHOLM · MADRID · NEW YORK · LOS ANGELES · TOKYO · HONG KONG

Crackdown for Russian companies' cash

By Chrystia Freeland in Moscow

Russian companies would be allowed to withdraw cash from their own bank accounts only to pay wages or cover business travel expenses, under a proposal to be put forward by the government.

Mr Vladimir Panskov, the minister of finance, said in an interview the proposal was one of a series of sweeping restrictions on cash and banking operations designed to clamp down on tax evasion and the black economy.

Russian businesses would also be required to pay for all goods and services through a single "principal" bank account. Companies would be allowed to accumulate money in "subsidiary" bank accounts, but all business transactions would have to be conducted through the main account.

The measures "concern the battle with the cash economy in the country", Mr Panskov said.

"One of the main forms of tax evasion is that so many transactions are done in cash."

The measures, already drafted by the government, are expected to come into force next month, after the president signs two decrees.

The radical proposals reflect the almost war-like atmosphere within the government as its seeks to marshal resources to pay for the campaign promises of President Boris Yeltsin, who faces an uphill battle against the Communists before the June 16 presidential poll.

The most urgent and most expensive pledge is Mr Yeltsin's promise to pay the Rbs13,100bn ($2.75bn) mountain of wage arrears which according to Mr Panskov was accumulated last year by Russia's federal and local governments.

But the government's attempt to pay off its wage debt has been imperilled by steadily declining levels of tax collection. Mr Panskov estimates that a drop in rates of collection between 1994 and 1995 led to a loss of Rbs25,000bn and says he expects tax collection to decline even further this year.

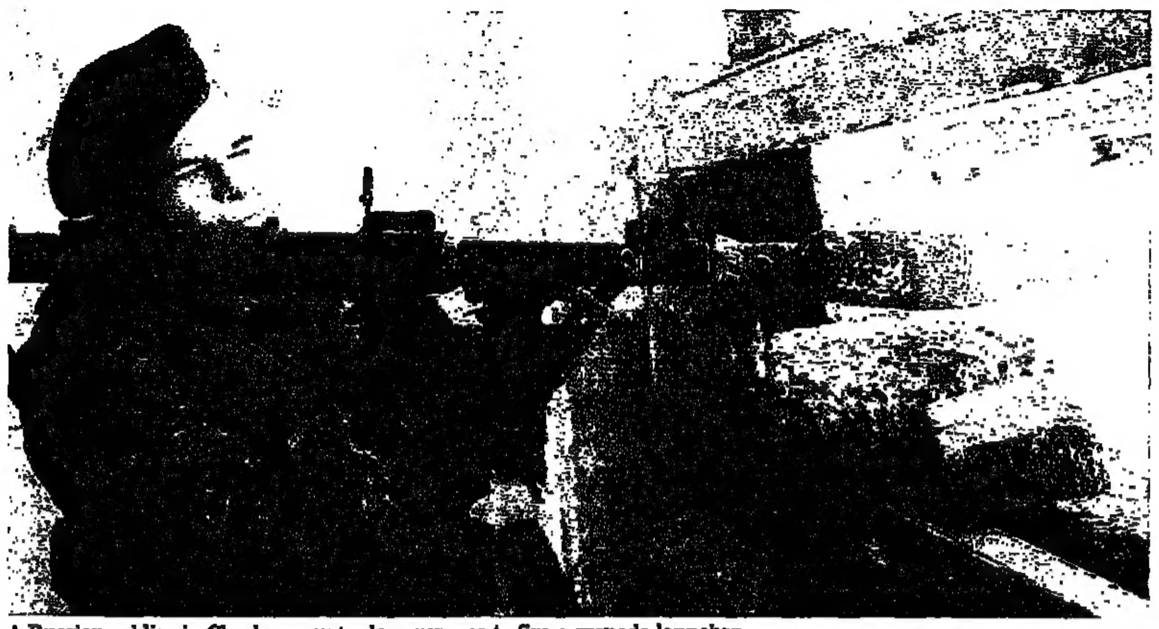
The planned restrictions on cash and bank transactions are an effort to stem this decline in tax revenue, which has forced the government to go on a borrowing binge this month, selling twice the planned number of government bonds.

*In an accusation which con*firms the warnings of many Russian liberal politicians, Mr Panskov said the Chechen war and Russia's high-spending security ministries bore the lion's share of the blame for the government's financial woes. He estimated that last year Rbs10,000bn was spent fighting in Chechnya and repairing a fraction of the damage to the battered region.

But right now Mr Panskov and his subordinates, several of whom have been recently sacked by the president, are in the Kremlin's line of fire as Mr Yeltsin steps up his effort to win back disgruntled Russian voters.

Russian television cameras this week captured an example of the intense pressure Mr Yeltsin is exerting on the ministry. After a brief conversation with Mr Panskov in the Kremlin, Mr Yeltsin drew his hand sharply across his neck and gestured to his minister.

Mr Panskov interpreted the sign as "a joking gesture, but with a serious subtext... just before that he had asked me if the wage arrears would be paid."



A Russian soldier in Chechnya yesterday prepares to fire a grenade launcher Reuter

Hopes of 'grand bargain' to settle all conflicts in Caucasus

By John Thornhill in Moscow and Bruce Clark in London

Presidents Boris Yeltsin of Russia and Eduard Shevardnadze of Georgia have this week held out the tantalising prospect of a "grand bargain" in which all the interlocking conflicts of the Caucasus would be settled.

The suggestion has been made several times before by Georgia, whose government is trying to regain control of the Abkhazia and South Ossetia enclaves, where local leaders have tried to secede with covert backing from Moscow.

But only this week, during a visit to Moscow by Mr Shevardnadze, has Mr Yeltsin unequivocally endorsed the proposal. He said they had agreed that a peace conference be held in Vladikavkaz, the capital of North Ossetia, which is traditionally the most pro-Russian of the region's complex patchwork of territories.

One of the factors behind Russia's apparent change of tack is the Kremlin's desperate need to neutralise the war in Chechnya as a political issue before June's presidential elections.

To many observers of the region, the idea of simultaneously stopping the Chechen war, settling the disputes within Georgia and ending the conflict between Armenia and Azerbaijan sounds far too good to be true.

But the disputes are intertwined, and Mr Shevardnadze's proposal is part of a careful strategy that involves strengthening ties between all the sovereign governments in the region so as to neutralise local enclaves and warlords.

Before going to Moscow, he and Azerbaijan's President Heydar Aliyev agreed on the need to unlock the region's vast economic potential through a policy of rigorous respect for the "territorial integrity" of all states.

This means Georgia regaining control of its two lost enclaves, Azerbaijan reasserting at least notional sovereignty over the Armenian-populated enclave of Karabakh, and Russia bringing Chechnya to heel.

The chances of achieving the first two goals have improved slightly in recent months as Moscow has tilted from its previous policy of supporting rebel enclaves – such as Karabakh and Abkhazia – and towards closer relations with the Georgian and Azerbaijani governments.

Georgia promised Moscow last year that it would guarantee the Russian military presence on its territory for another 25 years if it could regain its two lost territories.

Azerbaijan has hinted it will rethink its refusal to allow Russian soldiers on its territory if it is given some help with Karabakh.

Senior US and Russian officials have visited Armenia and Azerbaijan recently in a high-profile bid to turn the ceasefire agreed in May 1994 into a fully fledged settlement, and pave the way for an oil pipeline to run through the war zone.

However, both sides appear to have rejected the latest peace proposals from the 53-nation Organisation for Security and Co-operation in Europe, including broad self-rule for Karabakh within Azerbaijan; deployment of an OSCE peace force around Karabakh – now Armenian-occupied – and the demilitarisation of Shusha, the region's strategic high point.

Yeltsin takes harder line against Nato's eastwards expansion

By Chrystia Freeland in Moscow

The west's effort to woo Russia into accepting the planned eastward expansion of the Nato military alliance met a chilly reception yesterday from Russian President Boris Yeltsin.

He greeted Mr Javier Solana, Nato general secretary, with a warning that he would take an even tougher line than his ministers in opposing the admission of eastern European states to the western alliance.

"They say he [Mr Evgeni Primakov, the foreign minister] talked to you too mildly, so I will be tougher than him in making our position clear," Mr Yeltsin told Mr Solana, whose visit to Moscow this week is the first by a Nato chief to Russia in four years.

Mr Yeltsin's hard public stance was countered by Mr Solana's equally firm insistence that Nato would not be swayed from its enlargement plans. "The enlargement of Nato was a decision taken in 1994. We are working steadily towards it and we are not going to change course," Mr Solana said.

His unbending message echoed an even stronger pledge this week in Prague by Mr Warren Christopher, the US secretary of state, who arrived yesterday in Moscow for talks with senior Russian officials.

Mr Christopher told a receptive eastern European audience: "Nato has made a commitment to take in new members and it must not, and will not, keep new democracies in the waiting room for ever."

During two days of talks with Russian leaders today and tomorrow, Mr Christopher is expected to reiterate this position, while assuring Moscow that it will have a special relationship of its own with the west.

The double-headed offensive suggests that western leaders, who have been effusive in their political and economic support for Mr Yeltsin's regime over the past few weeks, have decided to draw a line when it comes to security issues.

Less than three months ahead of fiercely contested presidential elections expected to pit Mr Yeltsin against Mr Gennady Zyuganov, the Communist front-runner, western leaders have personally endorsed the Kremlin chief and offered him generous economic support.

The International Monetary Fund recently approved a $10bn loan for Russia, Germany has pledged DM4bn ($2.7bn) and France and Japan have pitched in with smaller sums.

But this week Mr Solana and Mr Christopher have served Mr Yeltsin notice that these supportive policies do not extend to softening the west's line on Nato expansion.

"I think they are telling the Russians that the expansion of Nato is inevitable. It can be done in an amicable way, but the Russians should not have any delusions of stopping it," said Mr Zbigniew Brzezinski, former US national security adviser and one of the early advocates of Nato enlargement.

Analysts believe the Russian parliament's symbolic vote last week to annul the treaty that broke up the Soviet Union, and the coming US presidential elections, have contributed to this tougher approach in the west, especially the US.

In a step which may earn him a public reprimand today from the Communist-dominated legislature, Mr Christopher this week strongly condemned the pro-Soviet vote.

There are already some signs that the adamant line on Nato expansion could be bearing fruit. Mr Brzezinski said that behind closed doors, Moscow had already begun to negotiate on the conditions of Nato enlargement, demanding that no nuclear weapons be stationed in eastern Europe, no US or German soldiers be based in Poland, and there should be no unified command for the expanded alliance.

Although Mr Brzezinski said this last demand was unacceptable for the west, he argued that the beginning of a bargaining exchange was a hopeful sign that Moscow would eventually reconcile itself to the prospect of an expanded Nato.

'Safety net' plan after telecoms liberalisation

By Emma Tucker in Brussels

A telecoms safety net, comprising basic telephone lines, emergency and information services, telephone kiosks and phone directories, will have to be provided by all member states after 1998, when Europe's telecoms sector will be thrown open to competition.

The scope of the safety net was agreed by telecoms ministers in Brussels yesterday as part of negotiations aimed at establishing a coherent regulatory environment for the telecoms market after liberalisation.

They also agreed that only companies operating public telecoms networks or offering basic telephone services to the public, with a market share of more than 25 per cent of a particular telecoms market, would be liable to pay for the cost of financing the safety net.

Ministers hope that by tightly defining the scope of "universal service" and the basis for its financing, newcomers entering the liberalised market will face a minimum number of barriers.

For example, under the definition agreed yesterday, telecoms regulators will not be allowed to ask mobile phone operators, or providers of online services to contribute towards the cost of the safety net.

Belgium, Luxembourg, and Ireland voted against the legislation, arguing that member states should be free to set their own universal service standards and that the scope of the safety net should be broadened as technology develops.

"Universal service has not obtained the status it deserves," said Mr Elio Di Rupo, the Belgian telecoms minister.

The definition of universal service will be reviewed in 1999. It was broadened at the last minute to include provision of special facilities for customers with disabilities or special social needs.

Mr Di Rupo argued that this would allow hospitals and schools to be included within the scope of the safety net.

Although ministers agreed the basis for the financing of universal service, they avoided the delicate matter of how it should be financed. The Commission is working on proposals to be produced later this year. These work on the assumption that provision of a basic safety net costs an incumbent operator roughly 1-2 per cent of its annual turnover.

Over lunch the ministers discussed the EU's offer to World Trade Organisation negotiations on liberalising basic telecoms. France, Spain, Portugal, Italy and Belgium continued to argue that they should be allowed to keep restrictions on foreign ownership of their telecoms industries.

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Brussels takes a new view of TV programmes

The European Commission has proposed a new definition of a television programme which critics say could stifle investment in budding online and electronic communication services.

Under proposed revisions to existing EU-wide broadcasting legislation, a TV programme is defined as a moving or non-moving sequence of images which may or may not be accompanied by sound. Industry executives say this is so broad as to extend automatically to the growing market for new Internet-type services.

"Although presented as a mere legal clarification, such a new definition will extend existing television regulation far beyond the domain of traditional television broadcasting into the area of electronic publishing and other new services," said the International Communications Round Table, which brings together European media companies and electronic publishers.

The definition forms part of a revised text of the Television Without Frontiers directive which the Commission has produced in response to a series of hard-hitting amendments tabled by the European Parliament.

The proposal is likely to please the parliament, but it defies the wishes of a majority of member states which last year voted to lighten the regulatory burden on broadcasters and to keep new information services, such as video-on-demand and other interactive services, out of the scope of broadcasting legislation.

In addition, the revised legislation says that any future legislative framework concerning new audiovisual services must be "compatible with the spirit and objectives of this directive".

"This could mean that new services, instead of staying right outside any discussion on broadcasting, could end up being dragged into arguments about content quotas and other matters that are not relevant," said the International Federation of Phonographic Industries.

The ICRT echoed this fear, saying: "The proposal would impose on the new services a complex set of regulations that were developed over time for a fundamentally different medium, and would risk crushing their growth and progress in Europe."

The Council of Ministers is likely to reject the revised version, which has yet to be adopted by the whole Commission.

Debate over how to revise EU-wide broadcasting legislation has been raging for over a year now. The most sensitive element was whether to force European broadcasters to screen a minimum 51 per cent of European-made productions by removing a loophole that currently allows specialised channels – such as movie or cartoon channels – to ignore the requirement.

The Council voted to maintain the loophole, but the parliament believes it should be removed altogether as part of the battle to protect European culture from US imports.

Emma Tucker

France downgrades growth prospects

By David Buchan in Paris

The French economy will expand "at maximum" by 1.5 per cent this year, Mr Alain Lamassoure, the budget minister, said yesterday, in advance of the government's formal growth forecast which is to be released next week.

This represents a further downgrading of growth prospects by the government, which had recently put 1996 expansion in the 1.5-2 per cent range, and whose previous formal forecast last September was of 2.8 per cent this year.

Mr Lamassoure said France had had "zero growth since the middle of last year", but he expected "a sharp acceleration towards the middle of this year" to end 1996 with a rate of economic expansion of 2.5-3 per cent.

Slower growth will make it harder for the government to meet its target of reducing this year's deficit to 4 per cent of national output, because it will bring in fewer tax receipts. The government has set itself the 4 per cent target as a stepping stone to its ultimate goal of bringing the combined budget and social security deficit to 3 per cent in 1997, in order to qualify for European monetary union.

Over a longer time-frame, however, Mr Lamassoure said that the government planned to prepare by the summer a five-year income tax reform, which he hoped would be approved by parliament this autumn.

The reform would aim at lowering income tax rates by reducing the number of tax breaks, while widening the tax base to embrace more people and more forms of income from capital and savings.

At present, a bevy of tax deductions allow half of French households to escape paying any income tax, but wage-earners and employers have to shoulder high welfare-related charges on salaries. The government is progressively reducing these welfare charges, considered a cause of the country's abnormally high unemployment, with the aim of funding more of social security from a beefed-up income tax system.

Mr Lamassoure said his aim was that "income tax should be paid by the vast majority of French, except those on very modest incomes", and that the system should become "much simpler" than it was at present.

But he warned the reform would require "sufficient margin of manoeuvre" in public finances to carry out, so that it ended up benefiting more people than it penalised.

For this reason, he said, tax reform would "take account of the evolution of the economic cycle". Evidently, the government is hoping that by the late 1990s the country will have qualified for monetary union and steadier and stronger growth will have returned to its economy to complete the tax reform.

EUROPEAN NEWS DIGEST

Persson takes over in Sweden

Mr Göran Persson *(left)*, Sweden's finance minister for the past 18 months, formally took over as prime minister yesterday after a vote of confirmation in the Riksdag. He will name his new Social Democratic government and outline its policy commitments today. By yesterday there was no indication of his successor to the key finance portfolio. Mr Persson's accession was boosted by cuts in interest rates by the central bank, an important move for Mr Persson's top priority of cutting unemployment. The Riksbank yesterday cut both its lending and deposit rates by 0.75 percentage points, to 8.25 per cent and 6.75 per cent respectively. Mr Urban Bäckström, the Riksbank governor, said there was room for further cuts as inflation pressures had eased.

All political parties except the Social Democrats and the *former communist Left party, which backed Mr Persson*, abstained in the prime ministerial vote, giving Mr Persson a clear passage to succeed Mr Ingvar Carlsson, who retired after 10 years as leader of the SDP, during six of which he was premier. *Hugh Carnegy, Stockholm*

64% of French favour Emu

Two-thirds of French people favour a single European currency and a majority believe European union will help France on many fronts, according to an opinion poll published yesterday. The poll said 64 per cent were in favour of European monetary union, due to take effect in 1999 if EU *states meet strict economic criteria*.

The survey found big majorities believed that European union would help promote security, employment, education and a variety of other aspects of life in Europe. In a rare finding for France, it said 47 per cent believed financial markets should be given more weight in decision-making in the European Union, while 34 per cent disagreed.

About 53 per cent said that if a referendum were held now, they would vote in favour of the Maastricht Treaty, Europe's blueprint for economic and monetary union, while 47 per cent would vote against. In a referendum in September 1992, 51.05 percent of French voters backed the treaty. *Reuter, Paris*

Bulgaria faces blackouts

A miners' strike crippling Bulgaria's coal industry will probably lead to electricity blackouts and shortages, government officials said yesterday. "An electricity rationing scheme will be introduced from the end of this week," Mr *Rumen Ovcharov, vice-chairman of the government's energy* committee, said.

He said the step was being prompted by a miners' strike at Maritsa Istok coal field, which produces 78 per cent of the country's coal supply.

More than 11,000 miners went on strike on Wednesday at Maritsa Istok, 250km southeast of Sofia, demanding higher pay and better working conditions. Trade union sources said that miners from other regions walked out yesterday, and it has been reported that colleagues from mines in central Bulgaria will join them today. There are some 35,000 coal miners in Bulgaria.

Strikes organised by the unions forced the Socialist government, comprising members of the former Communist party, to resign in 1990 after they had won the first post-Communist general elections. The Socialists returned to power in December 1994. *AP, Sofia*

Turkey inflation forecast up

Turkey increased its 1996 inflation forecast to 65 per cent from 45 per cent, Mr Lutfullah Kayalar, the finance minister, said yesterday, presenting the 1996 draft budget to a parliamentary commission. Turkey's annual average wholesale inflation was 88.5 per cent in 1995. Year-on-year 1995 inflation stood at 64.9 per cent.

The 550-member parliament will vote on the budget in mid-April after three weeks of discussions in the commission. The 1995 budget was cast aside when the house dissolved ahead of December's general elections. Turkey has been run under a temporary budget this year until the new government prepared the draft, which envisages a 4.5 per cent growth in GNP. The draft targets a TL410,000bn ($5.9bn) deficit in the budget, but Mr Kayalar said the deficit should be raised to TL800,000bn by the commission. *Reuter, Ankara*

Swiss lower expectations

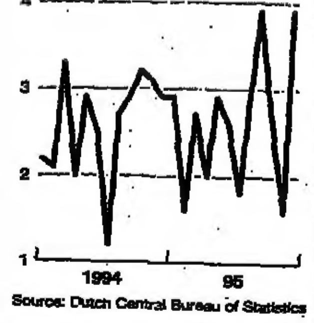
A top Swiss government commission said its December forecast that the country's economy would grow by 1.25 per cent in 1996 was too optimistic. The Commission for Economic Issues predicted Switzerland's gross domestic product would pick up later this year, but said it could not pinpoint when.

A commission statement said its lower expectations were based on new forecasts of slower growth in world markets this year, especially in European hard-currency countries such as Germany that comprise Switzerland's biggest export markets. The Swiss economy slowed more than expected in the fourth quarter of 1995 and at the start of this year, increasing insecurity among households and companies.

Its findings were the latest in a growing chorus from economists and banks that have dropped their expectations for Swiss GDP. "The result for the year will depend strongly on when improving trends set in; this point in time cannot be forecast with precision," the commission said. *Reuter, Berne*

ECONOMIC WATCH

Dutch trade surplus increases



Source: Dutch Central Bureau of Statistics

The Netherlands set a new trade surplus record in 1995, in spite of a slowdown in export growth rates in the second half of the year. Provisional figures released by Statistics Netherlands showed a slight increase in the 1995 trade surplus to Fl 31.2bn ($18.9bn) compared with Fl 31.0bn in 1994. The surplus was held in check by the fact that imports rose at a faster pace than exports: imports expanded by 10 per cent to Fl 282.4bn, while exports rose 9 per cent to Fl 313.5bn. Trade was particularly buoyant, both in terms of exports and imports, with other members of the European Union. Germany remained the Netherlands' single biggest market, accounting for 29 per cent of exports and 23 per cent of imports.

In the first two quarters, overall Dutch exports rose by a buoyant 12 per cent but growth tapered off to 10 per cent in the third quarter and then to 3 per cent in the final quarter. Import growth also showed a falling trend. The 14 per cent rise seen in the first quarter had fallen to an increase of just 5 per cent by the final quarter. *Ronald van de Krol, Amsterdam*

● Spain's trade deficit rose to Pta173.3bn ($1.4bn) in January from Pta172.5bn in December, and was up 12.3 per cent from a year earlier.

● German producer prices rose 0.1 per cent in February from January, but were down 0.2 per cent year-on-year.

Guarantees refused over fears of return to state

Banks spurn German shipyard's cash pleas

By Judy Dempsey in Berlin

A consortium of banks, led by Commerzbank, has made it clear it will not provide liquidity to the east German shipyards owned by Bremer Vulkan unless it obtains guarantees from the BvS, the successor to the Treuhand privatisation agency which sold the shipyards to Bremer Vulkan.

The banks' decision could precipitate an official declaration of bankruptcy, followed by redundancies in a region where the official unemployment rate is over 20 per cent, the highest in Germany. Yesterday, construction workers and subcontractors were pulling out of the east German shipyards, concerned they would not be paid.

According to government officials from the state of Mecklenburg-Vorpommern, where the shipyards are located, the BvS is reluctant to extend any financial backing.

It is concerned such guarantees would open the way for the shipyards reverting to state control, a possibility the BvS and the finance ministry want to prevent since it would set a precedent and saddle them with uncompetitive shipyards which have already received at least DM1.7bn ($1.2bn) in state-backed investments.

The BvS said it would not take back the yards under any circumstances.

"This is a complete shambles. The BvS is not prepared to take responsibility for a mess even though it had been aware of Bremer Vulkan's financial problems for some time yet it refused to take any action," a senior government official said yesterday.

The banks are owed DM1.4bn by Bremer Vulkan, Germany's largest shipbuilder which two months ago sought protection from its creditors after running up losses of more than DM1bn last year.

According to the official – and confirmed by Bremer Vulkan's management – the BvS had been informed by the Mecklenburg-Vorpommern government as early as June 1995 about delays or irregularities in investments due by Bremer Vulkan to the MTW and Volkswerft east German shipyards. "But the BvS ignored those warnings," the official said. "It did not want to know."

More than DM720m of state-backed investments due for the shipyards had been siphoned off and poured into some of Bremer Vulkan's loss-making operations in west Germany.

When it was known last September that Bremer Vulkan would make at least DM250m losses last year and that investments in its east German shipyards had not been paid on schedule, the BvS had until December the legal right to recall the east German shipyard's property rights.

Meanwhile, in Bremen, Bremer Vulkan's management and Mr Jobst Wellensiek, the lawyer overseeing the Vergleich, the procedure intended to stave off bankruptcy by reducing and rescheduling a company's debts, have yet to come up with a restructuring plan. But officials are not optimistic about the future. "The feeling is not good. We are expecting bankruptcy," a Bremer Vulkan spokesman said.

Popular touch may keep FDP alive

Wine minister and rubbish-collecting premier enliven state poll, writes Michael Lindemann

Rhineland-Palatinate has several claims to fame. It is, for example, the birthplace of Chancellor Helmut Kohl and the only one of Germany's 16 Länder, or federal states, with a minister for winemaking.

It is also the only Land where the small Free Democratic party, the junior partner in Chancellor Kohl's government in Bonn, is still in government. It is, moreover, in coalition with the opposition Social Democrats – it has two ministers in the Mainz government alongside seven SPD cabinet members.

Voters in Rhineland-Palatinate will be electing a new state parliament on Sunday, the same day as elections in neighbouring Baden-Württemberg and the northern state of Schleswig-Holstein. While the elections as a whole are being considered a mid-term test of the government in Bonn, the FDP in Rhineland-Palatinate has made clear that it will be content to stay in coalition with the SPD.

Recent opinion polls suggest that the FDP in Rhineland-Palatinate has a far better chance of entering the local parliament than in the other two states. This is largely because of the popularity of the party leader and state economics minister, Mr Rainer Brüderle, whose prominence has grown since he also became minister for winemaking in 1991. He is regularly seen kissing local "wine princesses" or promoting Moselle wines at trade fairs around the world.

With a record 4.27m Germans out of work, the FDP's reputation as the party of enterprise means it is almost certain of the 5 per cent share of the vote needed to remain in the Mainz legislature. Germany's high and rising unemployment has been the main issue during the campaign.

"The number one theme has undoubtedly been jobs," says Mr Kurt Beck, who took over as state premier 18 months ago after Mr Rudolf Scharping, his predecessor, left Mainz to become SPD leader in Bonn. Mr Beck is promising more jobs by shortening the time to approve new factories and finding investors for empty military installations vacated by around 70,000 US and French troops who have been withdrawn from the state since the end of the cold war.

Mr Johannes Gerster, the Christian Democratic candidate, counters that Rhineland-Palatinate lost 18,000 jobs last year, more than any other western German state. The only jobs Mr Beck has created, he says, are in an expanded state administration.

But even political opponents admit that the bearded and solid-looking Mr Beck has successfully cast himself as the state's father figure or *Landesvater*. He has a populist touch that eluded Mr Scharping – he dressed up as a rubbish collector during the early stages of the campaign and worked a full morning shift.

The rather brusque Mr Gerster, meanwhile, admits that record unemployment and talk of "massive" spending cuts in Bonn have not helped the CDU. Mr Gerster, who bears a more than passing resemblance to Mr Beck, took over the leadership of the state party in 1994 with instructions from Mr Kohl to reverse the disastrous result of 1991 when the CDU lost power for the first time since 1947.

"It's very difficult to win a state election with state themes alone," says Mr Gerster, "and at the moment our popularity ratings have been dented a bit by what is going on in Bonn."

Beck, the SPD leader, has cast himself as the state's father figure

Mr Gerster has appealed to the German voters' desire for stability, warning that only a strong CDU can prevent a squabbling coalition of SPD and Greens such as that in nearby North-Rhine/Westphalia.

To keep the Greens at bay, both Mr Beck and Mr Gerster have made an issue of Rhineland-Palatinate's relatively underdeveloped infrastructure. Both parties propose extending motorway and rail links running east-west across the state, projects the Greens reject.

The Greens are hoping to pick up around 9 per cent of the vote, which would be a record.

Tax cut ploy gains a march for Berlusconi

By Robert Graham in Rome

The rightwing alliance in Italy headed by former premier Silvio Berlusconi has seized the initiative in election propaganda by promising to abolish the tax on treasury bills, the country's most popular form of saving.

The proposal – the most eye-catching in the right's electoral platform unveiled on Tuesday – has been strongly attacked as irresponsible by members of the centre-left "Olive Tree" alliance. Mr Vincenzo Visco, economist for the Party of the Democratic Left (PDS), the dominant partner in that alliance, claims abolition of the tax will cost L10,000bn ($6.4bn) per year.

But the idea of removing the 12.5 per cent withholding tax on such a widely held savings instrument has reinforced the image of the Berlusconi camp as tax-cutters. In the 1994 election campaign Mr Berlusconi promised to reduce taxes, but the state of Italy's public finances made it difficult to honour this pledge during his seven months in power.

The budget deficit this year is due to fall to 5.9 per cent of gross domestic product, but is still almost double the level required to meet the convergence criteria for participation in the planned European single currency. This allows little room to lower fiscal pressure.

Mr Roberto Marzano, chief economist with Mr Berlusconi's Forza Italia movement insists abolition of the tax would be fiscally neutral.

The Olive Tree alliance is almost certainly correct in saying the tax abolition will cost the taxpayer, but has been unable to overcome its propaganda effect.

The proposal underlines the huge gulf between the two sides on programmes presented this week. The centre-left has offered dull but responsible proposals which strengthen the agenda of Mr Lamberto Dini's government. Mr Berlusconi and his allies have sought to woo the voters, ignoring the cost and practical implications of policy implementation.

The tax on treasury bills is the lowest in Europe on such paper. After much pressure the Dini government agreed foreign investors should be exempt, on grounds that the treasury was already reimbursing those proving tax was being paid elsewhere.

Removal for local taxpayers would go against moves by Brussels to achieve greater tax harmonisation. Besides, the proposal undermines one of Mr Berlusconi's stated aims – to promote greater share ownership through expanding the stock market which has suffered precisely because of the existing attractions of treasury bills.

Turks give Kurds an olive branch

By John Barham in Ankara

Mr Mesut Yilmaz, Turkey's prime minister, yesterday travelled to the eastern town of Igdir to participate in celebrations marking the Kurdish new year, or Nevruz, the first Turkish leader to do so.

Mr Yilmaz, who took office three weeks ago, emphasising a more conciliatory approach to the 11-year Kurdish rebellion, said: "Let us make Nevruz a day of friendship and brotherhood. We will put out the fire in the south-east as soon as possible."

However, Mr Yilmaz did not announce, as had been expected, that he would allow education and broadcasts in Kurdish, two of the most common demands of Turkey's estimated 15m Kurds.

President Süleyman Demirel had warned that he would prevent this, claiming it infringed the constitution and threatened national unity.

The Kurdistan Workers party (PKK), which has widespread support in the heavily Kurdish south-east, has traditionally marked Nevruz as a day of protest, and the government had responded by banning celebrations.

In recent years, however, Turkish nationalists have "rediscovered" Nevruz as a spring festival which is celebrated throughout central Asia, in an attempt to diminish its Kurdish connotations.

In Ankara, Mr Demirel hosted a meeting of central Asian culture ministers and fired the starting gun for the first Nevruz marathon.

In Diyarbakir, the south-east's regional capital, government officials provided car tyres to be burned at night as part of Nevruz festivities. Bonfires were previously banned.

In Germany, home to about 500,000 Kurdish migrant workers and refugees, police banned marches to avoid a repetition of Sunday's clashes between PKK supporters and police in which 300 were injured.

However, it seems unlikely that making Nevruz official presages an end to the bloodshed in the south-east, where some 20,000 civilians, soldiers and guerrillas have died since mid-1984.

In spite of a three-month ceasefire by the PKK, four rebels and a Turkish soldier died in a night battle that continued into the early hours of yesterday.

Mr Abdullah Ocalan, PKK leader, wrote this week to Mr Yilmaz saying: "We want an honourable peace and we are prepared for it. But if this is not going to happen, I am announcing that we can wage a war much more intense than before, and that things will get moving much quicker with Nevruz."

Earlier, Mr Ocalan threatened to strike at tourist venues to damage Turkey's tourism industry, which is worth about $5bn a year.

The ifs and butts of litigation

The US tobacco industry would like an end to lawsuits, but paying up is not the best way to get there. RJR Nabisco's chief tells **Richard Tomkins**

The US government sanctions the manufacture and sale of cigarettes, and benefits mightily from the industry through taxation. Yet because people are smoking these government-authorised products, the companies that make them are facing multi-billion dollar lawsuits.

The US tobacco industry would like a resolution of this apparent paradox. But while the industry is not sure what that solution should be, it is quite certain that it is not along the lines suggested by Liggett, the small US cigarette company controlled by Mr Bennett LeBow.

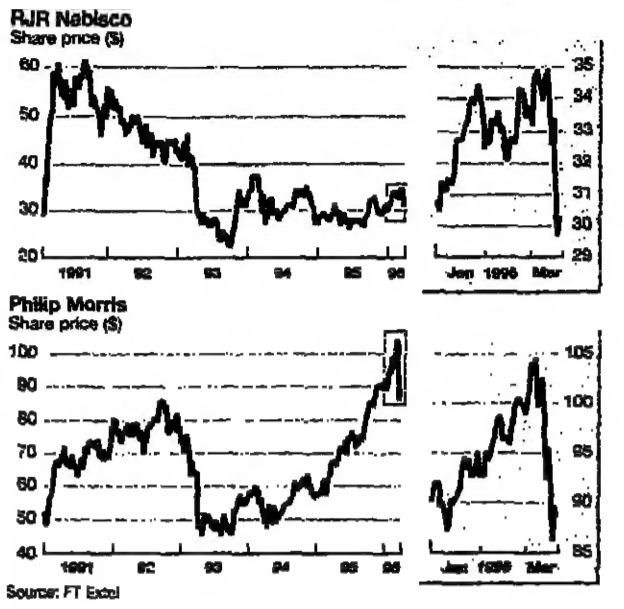
Explaining the industry's reasoning, Mr Steven Goldstone, chief executive of RJR Nabisco, said there was a big difference between cigarette companies and manufacturers of other products that had attracted lawsuits, such as silicone breast implants and asbestos: cigarette companies were going to continue selling their products.

"So, as long as lawyers think there is a chance to make money from suing us, they will figure out new and novel ways to bring cases," Mr Goldstone said in an interview.

He was speaking after Mr LeBow broke ranks with the rest of the industry by agreeing financial settlements with two groups of anti-tobacco plaintiffs. The move was widely scene as a ploy in Mr LeBow's battle to seize control of RJR Nabisco, the second-biggest US tobacco group, by replacing Mr Goldstone and the rest of the company's board.

One of the groups settling with Mr LeBow represented smokers claiming compensation for addiction to nicotine, and the other comprised state attorneys-general seeking compensation for state-incurred costs of treating smoking-related illnesses.

Tobacco shares: before and after Liggett



Source: FT Extel

Mr Goldstone said the rest of the US tobacco industry would never subscribe to any similar agreements. "It's really just chasing your tail. You are only settling with those few lawyers who have brought those few cases: you are not resolving the legal controversy that exists regarding smoking and health.

"When smart, commercially-oriented plaintiff lawyers see that the tobacco industry is no longer willing to litigate these cases, but is instead willing to pay for them, they will just keep dreaming up new theory after new theory, and you will think back fondly to the days when you only had an addiction case and a few attorney-general cases."

Mr Goldstone stressed that RJR Nabisco and the other big tobacco companies would go on fighting lawsuits in the courts, confident in the belief that – as before – they would win. But he also suggested that if someone came up with a different kind of deal that ended the litigation threat forever, the industry would be ready to consider it.

One obvious reason why the industry should be interested in such a deal is that it would save tobacco manufacturers big sums in legal fees. US tobacco companies refuse to disclose how much they spend defending themselves against litigation, but the figures are undoubtedly large enough to have a significant impact on profits.

However, Mr Goldstone said the litigation costs paled in comparison with the damage done to tobacco manufacturers' share prices by the uncertainty arising from anti-smoking litigation.

To illustrate the point, Mr Gary Black, an analyst at Sanford C. Bernstein, the Wall Street investment house, estimates that shares in Philip Morris would be trading at about $170 if it were not for the litigation risk. At lunchtime yesterday, Philip Morris's shares were trading at just $88⅝ so if Mr Black's estimate is correct, the litigation risk is currently costing Philip Morris a mind-boggling $69bn in market valuation.

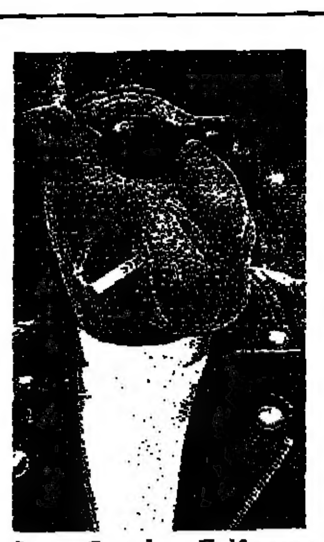
Figures as big as these indicate why US tobacco manufacturers would like to end the tobacco litigation risk. Until now, the only strategy open to them has been to fight and win every case brought against them in the hope that plaintiffs would eventually give up: but the plaintiffs have kept coming.

According to Mr Black, probably the only way to eliminate all tobacco litigation risk would be for the US courts to certify a mandatory class action embracing all present and former smokers without the possibility of an opt-out. Such class actions, he says are extremely rare.

Concurrently, Mr Black says, Congress would have to pass legislation that pre-empted any further lawsuits against the tobacco industry alleging addiction or personal injury. But he adds gloomily: "Since Congress is highly unlikely to pass such legislation, we do not anticipate the industry ever reaching a global settlement" – or indeed, he adds, trading at its appropriate share price levels.

Mr Black may be right. Yet Mr LeBow's actions – and the industry's response to them – could nevertheless stimulate fresh ideas about how the tobacco industry should pay for the costs imposed on society by the use of tobacco companies' products.

This would be a controversial, and sometimes macabre, topic. It has sometimes been argued, for example, that tobacco companies save society money by killing off smokers before they become a burden to the state in their old age. But it could also provide the basis for a rational response to the smoking problem, where none exists at present.



Joe Camel: Half-man, half-beast, all set for trouble

Fighting the weed: President Clinton this week met children of the Campaign for Tobacco-Free Kids at the White House AP

Joe Camel rides back into market frontline

By Richard Tomkins in New York

Joe Camel, the half-man, half-beast cartoon character who is never seen without a Camel cigarette hanging out of his mouth, is making a comeback.

His reappearance could stir up trouble.

Mr Steven Goldstone, chief executive of RJR Nabisco, said the controversial figure would feature prominently in advertisements for the company's Camel cigarettes this year as part of an aggressive marketing campaign for the brand.

Until recently, Joe Camel was the prime target of US anti-smoking critics who accused RJR Nabisco's tobacco subsidiary, R.J. Reynolds, of using the cartoon character to push Camel cigarettes to under-age smokers.

Last year, however, industry observers noted that Joe Camel seemed to be fading from view. They concluded that R.J. Reynolds was tiring of the adverse publicity and had quietly decided to drop him.

They were wrong. Mr Goldstone now says that R.J. Reynolds will be using Joe Camel as part of a strong promotional effort for Camel this year.

"Camel was the fastest-growing full-price brand last year, and we want to keep it that way," he said.

The move comes at a time when the US Food and Drug Administration is seeking powers to regulate the US tobacco industry. As a first step, it wants tough new measures to cut smoking by children, and has specifically targeted cigarette advertising that appeals to youngsters.

Mr Goldstone acknowledged that Joe Camel's comeback would look like a deliberately aimed slap in the face for the anti-smoking movement. "On the other hand, it has been attractive to our smokers, and anything that is likely to be successful in converting smokers from one brand to another is likely to be attacked by anti-smokers," he said.

"Despite one's intuition," Mr Goldstone said, studies by the Federal Trade Commission and RJR Nabisco had concluded that the cartoon character did not encourage minors to smoke. "So we are not going to take something that our smokers like and that is attractive to them, and just not use it because anti-smoking activists want to use it as an example."

Job and welfare worries prompt move in Congress

Immigration vote looms

By Nancy Dunne in Washington

The US House of Representatives yesterday neared a vote on legislation to revamp the nation's immigration laws and curb the flood of both legal and illegal aliens coming to the US to find jobs.

Both the Congress and the administration are hoping to appeal to widespread anti-immigration sentiment among voters already anxious about job security. But controversy remained over various proposals to curb immigration, with Republicans and Democrats forming alliances to support or defeat a string of amendments.

Democrats supported by pro-immigration groups found themselves in alliances with libertarian Republicans who believe legal immigrants bring both job skills and the work ethic to the US economy. Pro-labour Democrats, such as Senator Ted Kennedy, worry about middle income jobs being captured by foreign workers.

Anti-immigration members are boosted by studies showing a decline in the skills and educational level of recent migrant groups. The concentration of many immigrants in individual regions has created a heavy burden for states such as California, Florida, Texas, Illinois and New Jersey.

The House on Wednesday passed an amendment allowing states the option of denying free schooling to the children of illegal immigrants.

Mr Newt Gingrich, House speaker, caused an uproar when, in a rare speech on the House floor in support of the provision, he said that offering free benefits to illegal migrants had increased their numbers. "This used to be the land of opportunity; now it's the land of welfare," he said.

Opponents said most immigrants come to the US for jobs, rather than education. But they have raised objections to a proposed worker verification system and other efforts to curb jobs for illegal workers.

The House also passed a provision requiring some immigrants to pass English proficiency tests. It was to vote yesterday on splitting the legislation covering legal and illegal immigration, a move which could kill most efforts to cut legal immigration.

Similar legislation is moving through the Senate, where the bill governing legal and illegal immigration has been divided. Senator Alan Simpson, sponsor of the Senate bill, initially tried to restrict the ability of business to sponsor foreign workers but these were dropped after high technology companies complained.

Clinton hints at liability accord

By Patti Waldmeir in Washington

The US Senate yesterday passed a product liability bill which has become a focus for presidential campaign sparring between President Bill Clinton and Senator Bob Dole, the presumptive Republican nominee.

The bill, which would cap damages in product liability cases, was passed by the Senate with a 59-40 margin, insufficient to override Mr Clinton's promised veto. However, Mr Clinton yesterday appeared to open the door to further negotiation on the bill, saying he would sign it if some minor changes were made.

"I've said all along that there's legislation in this area that I would sign... There are some changes that I think are relatively modest that would permit me to sign it," he said shortly before the Senate vote. He gave no details.

Mr Clinton has come under criticism, even from within his own party, for threatening to veto the bill, which would limit punitive damages in product liability cases to twice the amount of compensatory damages or $250,000, whichever is greater.

Mr Dole has accused Mr Clinton of bowing to pressure from the trial lawyers' lobby, long-standing large contributors to the Democratic party, in opposing the bill.

"If money talks, this money screams," Mr Dole said in a statement. "This message has apparently been heard down at the White House, loud and clear."

Friction over labour council in Argentina

By David Pilling in Buenos Aires

Argentine President Carlos Menem was last night due to constitute a controversial work and employment council, to be formed by 24 union and business leaders with a mandate to suggest ways to confront recession and unemployment.

The advisory council is opposed by Mr Domingo Cavallo, economy minister, who sees it as representing a retreat towards an interventionist past. It is to be under the aegis of Mr Eduardo Bauzá, the powerful cabinet chief.

Formation of the council, whose powers are to be far less than first conceived, has been enough for union leaders to halt a general strike planned for March 26. Mr Menem is bound by Argentina's strict monetary policy but he is keen to offer gestures to a society increasingly frustrated by economic stagnation.

Mr Cavallo, who is not one for gestures, said there was no question of an accommodation with unions. The only long-term solution to unemployment was not the 180-day halt to job losses sought by unions but further flexibility in labour practices. A bill to restrict collective bargaining would be sent to Congress shortly, he said.

"What we have here is a co-government, which makes it very difficult to negotiate," the daily newspaper Clarín yesterday quoted a spokesman of the CGT union grouping as saying.

Progress for reform in Brazil

Brazil's economic reform programme got back on track yesterday, following the approval in the lower house of Congress of a much diluted social security bill, Angus Foster reports from São Paulo.

The reforms, put forward by President Fernando Henrique Cardoso, had been thrown into doubt two weeks ago when a previous version of the bill failed to win enough votes. Yesterday's bill was approved by 351 of the 513 lower house deputies. Various amendments now need to be voted on before the bill is sent to the senate.

Yesterday's vote marked a victory for the government, which was keen to keep up the momentum of its reforms. Another defeat or delay could have thrown the social security package into doubt.

However, the government has backed down in many areas during past few months so as to get the bill approved. Critics say its timid measures mean a real reform of the social security system, where costs are rising much more rapidly than contributions, still needs to be done soon.

Mr Cardoso's other reform plans, to modernise the civil service and tax systems have to be passed before July, when Congress will go into recess. In the second half of the year, about 20 per cent of deputies are expected to contest municipal elections, bringing much congressional business to a standstill.

The main advantage for the government of the bill approved yesterday is that it ties pension benefits to the length of time a person has contributed. The present system pays according to the length of an individual's employment.

NEWS: WORLD TRADE

Russians show interest in Algerian oil project

By Robert Corzine in Moscow

Lukoil, Russia's largest oil company, wants to extend its North African presence to Algeria, an increasingly favoured destination for investment by international energy groups.

Senior officials from Lukoil, including Mr Vagit Alekperov, the chairman, visited Algiers last week for talks with Mr Ammar Makhloufi, the industry and energy minister, and senior executives from Sonatrach, the state oil and gas company.

Lukoil, the most progressive and internationally oriented of Russian oil companies, is said to be interested in projects close to existing fields in the south of the country operated by Agip, the Italian oil company with whom it co-operates elsewhere in North Africa.

Algeria is also the location of a multi-billion dollar oil field rehabilitation project announced earlier this year by Arco, the Los Angeles-based oil company with which Lukoil is holding talks on a possible strategic alliance.

It sees no conflict in co-operating internationally with both companies. "Some projects are more suitable for co-operation with Arco, and some are more suitable for Agip," according to Mr Alekperov.

He also said Lukoil's interest in Algeria was not limited to oil. The company was also keen to exploit Algeria's natural gas reserves, even though the North African state is one of the main competitors to Gazprom, Russia's gas monopoly, in the lucrative export trade to western Europe.

Lukoil, which has a close relationship with the Russian government, has set the ambitious target of having as much as 15 per cent of its production outside Russia by the end of the decade.

There has been growing international oil industry interest in Algeria in spite of the Islamist insurgency. As part of its attempt to broaden its base of international support the Algiers government has encouraged investment from countries which have so far played little or no role in the oil and gas industry.

Italian and French companies have been the traditional foreign participants in the industry, but they have figured in only one of the three big energy deals signed in the last three months. In addition to the agreement with Arco, the Algerian authorities signed a $3.5bn contract with British Petroleum last December to develop and market natural gas reserves. A $850m development deal was also recently concluded with Total, France's second largest oil company, and Repsol of Spain. Others, including Exxon, the largest US oil company, are also contemplating projects in Algeria.

They have been drawn to the country by an attractive tax regime, and the prospect of finding further large oil and gas reserves. In addition there are opportunities to rehabilitate existing oil fields.

Lukoil share offer, Page 23

Ukraine anxious to join WTO

By Frances Williams in Geneva

President Leonid Kuchma of Ukraine yesterday met Mr Renato Ruggiero, head of the World Trade Organisation, in a bid to speed up the country's membership negotiations.

Mr Kuchma said he hoped Ukraine could join the WTO this year or next. Trade officials said later the president had offered Ukraine's full co-operation in speeding the accession process, though they ruled out completion of negotiations this year.

"Obviously they're anxious to get in quickly but the talks are going to be very difficult," said one official. Like Russia and other former Soviet republics, several of which have also applied for WTO entry, Ukraine is still in painful transition from a planned to a market economy and its trade regime is far from conformity with WTO rules.

Problems raised by WTO members last year included the country's heavy dependence on barter, especially for agricultural trade, the role of state monopolies, export restrictions and high import barriers.

A WTO working party to thrash out Ukraine's terms of entry was set up in December 1993 and has so far met twice, most recently in December, to examine Ukraine's trade policies.

Negotiations on a draft protocol of accession, and on access to Ukraine's market for goods and services, are expected to begin in earnest in June.

Trade officials said yesterday that, with Mr Kuchma's active support, these talks could go faster than those with Russia, whose political stability and future direction appear more uncertain. Russia's application is at a similar stage, but it is not expected to become a member of the WTO for two or three years.

Mr Kuchma said yesterday that WTO entry would benefit Ukraine by lowering trade barriers to its exports. A trade accord with the European Union is provisionally in force.

High-tech corn seeds start US patents battle

By Jenny Luesby in London

This season's launch of the world's first biotech crops has triggered a patents war in the US, where Monsanto has filed suits against its leading rivals, Mycogen and Ciba.

Monsanto said it had won a patent covering a class of genes which enable plants to produce proteins that are toxic to insects.

Under the new patent, it has filed suits against Mycogen and Ciba for marketing insect-resistant corn seeds. It also won an earlier patent infringement case filed by Mycogen.

Until last year the only biotech seed on the US market was the flavour-saver tomato, marketed by Calgene.

However, Monsanto, Mycogen, Ciba and Clagene have this season launched insect-resistant cotton and corn seeds, herbicide-tolerant soybeans and herbicide-tolerant cotton.

The seeds, which have taken 10 years of development work, are set to increase farmers' yields by between 5 and 30 per cent and fetch a premium for agrochemical and seed companies of 20 per cent over normal seed prices.

On the corn market, Ciba has produced enough of its insect-resistant seed, known as Maximiser, to cover 1 per cent of the US corn acreage.

About 7m acres of corn are planted in the US each year.

Mycogen, which estimates that its NatureGard corn will cost farmers $3 an acre and save them from $6 to $40 an acre, expects to sell enough seed for a further 75,000 acres.

Meanwhile, Monsanto is still awaiting regulatory approval for its insect-resistant corn, but hopes to launch it later this year in partnership with Northrup King, the seeds subsidiary of Sandoz.

Ciba said it was too early to comment on the implications of a case that pitched its interests against those of Sandoz, the company with which it is set to merge, to form Novartis.

But Mycogen said it was confident that the suits would fail.

Mycogen applied for a similar "composite" patent, which covers the manufacture, use and marketing of genes in 1988.

Monsanto applied for its patent in 1989, but used a different procedure to win a narrower patent more quickly.

Once the Mycogen patent was awarded, the Monsanto patent would be declared invalid, according to Mycogen.

All three producers are still awaiting regulatory approval in Europe. They also have more patents in the pipeline.

"This is probably not the last battle," said Mr George Dahlman, an analyst with Piper Jaffray in the US.

But the outcome, said analysts, was likely to be co-operation.

Business spurs all-America trade deal

Firm political commitment and timetable wanted

The private sector is emerging as a driving force behind political initiatives on details of a sweeping Free Trade Agreement for the Americas (FTAA) by the year 2005.

Meeting in Cartagena, Colombia, trade ministers from 34 countries began their talks this week with a sheaf of practical recommendations on subjects ranging from infrastucture to non-tariff barriers and the harmonisation of investment regulations put forward by a business forum the previous day.

Business leaders would like to see firm commitments and a timetable for negotiating a hemispheric free trade agreement and say that regional economic integration is progressing regardless of political concerns.

Trade for the main Latin American and Caribbean nations grew by some 15 per cent in 1995, while companies continue to seek export and investment opportunities within and beyond the region.

The countries involved in creating the FTAA are "a mixture of elephants, dinosaurs, snakes and rabbits," according to Mr Renato Martins of the Brazilian company Magnesita. "That makes for a lot of problems. We businessmen came in to the Mercosur process rather late. But now we're in at the start of the FTAA and this is a big opportunity."

The success of Mercosur, a common market consisting of Argentina, Brazil, Paraguay and Uruguay, is a recurring theme among Latin American businessmen.

With discussion going on between Mercosur and Chile, the Andean Pact and even Mexico, the organisation seems likely to play an increasingly important role in the FTAA process. This strengthens the hand of Brazil, which favours a two-tier approach to an FTAA through the initial establishment of a South American trade bloc to negotiate on an equal footing with North America.

The US, however, favours hemisphere-wide negotiations and is pushing for an agreement in Cartagena to take "concrete steps towards opening markets". The US is also pressing for a greater role for business advisers and private sector involvement through the American business forum.

Business is concerned about the differing political approaches towards getting the FTAA off the ground but believes that the momentum is there. "When Mercosur started, no businessmen gave it any credibility," said Mr Paulo Protasio of the Confederation of Chambers of Commerce of Brazil. "Then suddenly there were 600 Brazilian companies in Buenos Aires with their phones ringing. With Nafta and Mercosur we have entrepreneurs who are believers in integration. Now we need a clear agenda."

Mr Protasio is one of the forces behind the Business Network for Hemispheric Organisation, which aims to provide a permanent forum for business sectors involved in the FTAA process. Information on the network will be updated so that the private sector can follow negotiations and participate in regional consultations.

The business forum is building on the resolutions which emerged from a ministerial meeting in Denver last year. The Denver talks agreed to set up seven working groups to gather information and prepare for negotiations of an FTAA.

These are: market access, customs procedures and origin rules, investment, standards and technical barriers to trade, sanitary measures, smaller economies and subsidies, anti-dumping and countervailing duties. Four others will be launched as a result of Cartagena: government procurement, intellectual property rights, services and competition policy.

The North-South Centre, which has worked closely with non-governmental groups in the FTAA, is urging the ministers to provide the working groups with an active agenda in order to keep the process in place until the next ministerial in 12-15 months.

"There is support for entering in the near future into limited agreements that could serve as building blocks for an eventual FTAA," the centre says in a recent paper.

"The work of these groups should result in 'an early harvest' of three types of agreements – information dissemination, business facilitation and limited scope agreements. That would be in line with the year 2000 deadline to achieve some concrete results."

Sarita Kendall and Nancy Dunne

The Americas: regions within regions

Source: EIU

CARICOM PLANS LATIN AMERICAN DEALS

The Caribbean Community (Caricom) plans to negotiate bilateral free trade agreements with several Latin American countries, as part of the community's preparation for a hemispheric free trade agreement in 2005, writes Canute James in Kingston.

The terms of the pacts are being drafted, and will be similar to existing agreements which the community has with Colombia and Venezuela.

Caricom officials say the accords will seek "immediate reciprocity, with a short list of exempted products". The pacts with Colombia and Venezuela stipulate a mutually phased move to trade reciprocity.

"These agreements will be building blocks to the year 2005," said Mr Ralph Maraj, Trinidad and Tobago's foreign minister. "There will be a special role for the private sector and organised labour in the agreements."

Dispute brings into focus attempts by military to recapture economic strength

Thai satellite plan sparks coalition row

By Ted Bardacke in Bangkok

Plans by the Thai military to launch a $1bn (£650m)satellite system with both commercial and military applications have generated a heated confrontation between two top politicians in Thailand's seven-party coalition government.

The dispute between General Chavalit Yongchaiyudh, the defence minister, and Mr Thaksin Shinawatra, deputy prime minister, has brought into focus two of the main forces driving contemporary Thai politics: attempts by the military to recapture some economic might stripped from it after the 1991 military coup failed, and the potential conflicts of interest that arise as leading businessmen enter politics.

Citing growing security concerns, Gen Chavalit wants to upgrade the communications and surveillance capabilities of the armed forces, and has asked the government to fund a large system whose capacity far outstrips the military's actual needs. The military would then lease the spare capacity to commercial clients.

It remains unclear whether revenue and potential profits generated by the satellite system would stay within the military establishment or be pumped back into the treasury. But the military is sure to get at least an "operating fee," according to a defence ministry official.

Mr Thaksin has balked at the idea. He says the project is too expensive and unnecessary. "If the military wants to get involved in commercial activities, they should resign and engage directly in business. One should not mix the two."

This touched a raw nerve, as the army believes Mr Thaksin spoke out to protect his own business interests. Shinawatra Satellite, part of Mr Thaksin's telecoms empire, operates two commercial satellites and will launch a third by the end of this year.

Its monopoly on satellite transmission ends in 1999, just about the time the military's system would become operable and when capacity from competing commercial satellites launched by such diverse countries as Laos and Tonga threaten to saturate the south-east Asian market.

The billionaire Mr Thaksin has defended himself in his usual manner, by claiming he is too rich to have a conflict of interest. Yet although capacity on his two existing satellites is fully booked, he has no contracts for the much larger third one, expected to cost about $240m.

The Thai military has been forced to live on less in past years. Big arms purchases, long a source of income for generals, have been postponed; the military has been stripped of financial control of large companies, including Thai Airways and the Thai Tobacco Monopoly.

The satellite proposal is seen as the military's latest attempt to recoup some of those losses. In January, the War Veterans Organisation sought a coveted licence to operate a bank; the military has renewed its push to buy submarines and an aircraft carrier.

In this case, the military is asking the government to underwrite a huge investment project that may exacerbate economic concerns. "Thailand is running a huge current account deficit, and the military wants to add an extra $1bn to the import bill to enter an over-supplied market. It doesn't make sense," one analyst said.

China points way to foreign dealing in yuan

By Tony Walker in Beijing

China appeared yesterday to foreshadow an end to the ban on foreign banks engaging in local currency business with the announcement that foreign institutions would be allowed to establish sub-branches in four cities.

A western banker in Shanghai said implicit in the announcement that foreign banks would be allowed sub-branches in the city's new Pudong development zone was an apparent readiness to allow them to deal in the Chinese yuan.

The Shanghai Securities News reported that foreign banks would be allowed sub-branches in Shanghai, Tianjin, Dalian and Guangzhou. About 120 foreign bank branch licences have been granted, with the bulk of these institutions located in Shanghai.

Banks to be allowed sub-branches will be restricted to those that have been operational in China for three years, are able demonstrate two years of profitability and have achieved a certain volume of loans outstanding in the year before application.

Banks will be required to put up Yn50m (£3.9m) as surety for the establishment of sub-branches. The requirement for a full branch is Yn100m.

Mr Fiepko Klug, chief representative in China of Banque Indosuez, said the bank would "certainly consider very carefully" the possibility of opening a sub-branch in Pudong, with the prospect of dealing in the yuan soon.

Banque Indosuez would welcome the opportunity of a presence in Pudong to help serve its joint venture customers there, and also the increasing numbers of Chinese trading companies establishing offices in the development zone on the east bank of the Huangpu river.

Foreign bankers in Shanghai said the government's "invitation" to banks to establish sub-branches in Pudong was a means of stimulating the development of a financial centre there.

China sees Pudong evolving as one of the most powerful financial services centres in Asia, eventually challenging Hong Kong. The Shanghai stock exchange is moving there and China's large state-owned banks are also establishing a presence.

Mr Klug said that as many as a dozen foreign banks with offices in Shanghai might establish sub-branches in Pudong. Only Fuji bank of Japan is there at present.

China has moved slowly to open its yuan market to foreign banks, citing insufficient resources at its central bank to monitor an expanded role for these institutions.

HK puts brake on expansion of pay TV

By John Ridding in Hong Kong

The Hong Kong government yesterday put the brakes on the expansion of pay television, limiting broadcasting deregulation to proposals for two new "video on demand" services this year.

The announcement of plans to freeze further pay-television licences until a review in 1998 is the latest contentious move in the sector. It represents a boost to Wharf Cable, which holds the exclusive pay-TV franchise, but came under fire from others in the industry, including Star TV, Mr Rupert Murdoch's satellite TV network.

Mr Chau Tak-hay, recreation and culture secretary, said a market study had shown the local pay-TV and VOD programme service market was not ready to accommodate many new licensees. "If the pay-TV market was fully deregulated, the financial position of the existing licensee could deteriorate." Even partial deregulation could threaten economic viability.

Wharf Cable, which was to have seen its exclusive licence expire in mid-year, has fallen short of audience targets. The TV operator, part of Wharf, the Hong Kong conglomerate, and which started services in November 1993, said it now had 200,000 subscribers.

"They have been facing difficulty in achieving penetration," said one media analyst; the company would not break even until late next year. "This government proposal buys them more time. It seems a pretty sweet deal for Wharf."

The company recently clashed with the Hong Kong government and Hongkong Telecom, owned by the UK's Cable and Wireless, and which holds the current VOD licence. Wharf said Hongkong Telecom's plans to launch services this year violated terms of its licence, and challenged the move in the courts. The action lost relevance last month when Hongkong Telecom said it was delaying its launch by a year.

Wharf Cable yesterday expressed satisfaction the government had proposed to deregulate the market in "a structured and orderly manner". It argued it had invested, at the government's invitation, to build network infrastructure and programme production.

Star TV, ambitious to enter the pay TV market with Cantonese programming, criticised the plans. The company is to consider whether to apply for a VOD licence.

Clarifying rules for media cross-ownership, Mr Chau said the government had decided newspaper owners should not exercise control over domestic television licensees, though existing shareholdings would be excepted. The measure is subject to Legislative Council approval.

Beijing warns US on Taiwan arms

By Tony Walker

China warned the US yesterday to adhere to agreements forbidding the sale of advanced weapons to Taiwan, saying any violation of these understandings was "absolutely unacceptable".

It attacked as "gross interference" a resolution of the US Congress calling for the defence of Taiwan.

Beijing's warning over arms sales followed Washington's decision this week to sell anti-aircraft missiles and other military hardware to Taiwan. It was not clear whether China considered the sale of the shoulder-fired Stinger missiles as infringing provisions of Sino-US communiqués on establishing relations. These forbid the sale of advanced weapons for offensive purposes.

Beijing's criticism included harsh words and underlined the extreme sensitivity of the Taiwan issue. It expressed "strong indignation" at what it described as "this detestable act which constitutes a gross interference in China's internal affairs and has intensified tension across the Taiwan Strait".

The US, in its annual arms talks with Taiwan, indicated it would sell targeting and navigation systems to improve the performance of Taiwanese military aircraft. But it refused a request for diesel submarines, the sale of which would have caused a full-blown crisis in Sino-US relations.

China's sharp words for Congress and its warning over arms sales to Taiwan came as military manoeuvres continued in the Taiwan Strait, where the Chinese army, navy and air force are engaged in a show of force.

Beijing is seeking to intimidate Taiwan's voters into withholding support from President Lee Teng-hui in presidential elections tomorrow.

China, which sees Taiwan as a renegade province, accuses Mr Lee of seeking independence for his country, thereby undermining attempts at reunification. Taiwan's leader denies this. The Chinese media have been giving full play to war games in the Taiwan Strait. State television devoted a large portion of its evening news yesterday to the "live fire" exercises.

The US has moved the carrier USS Independence to waters east of Taiwan to monitor developments. A second carrier, USS Nimitz, is on the way from the Gulf and should be on station off Taiwan in days.

The US has provided no explicit undertaking it would defend Taiwan, but its positioning of carriers represents an expression of support for the island's first direct presidential elections and its steady democratisation.

A democracy baptised by the Dragon's fire

Taiwan feels the heat from China as it casts its first free vote for president, writes Laura Tyson

Taiwan's emergence from one-party rule over the past decade has not been unique, except for one thing: Taiwan is not supposed to exist, much less turn itself into a noisy, boisterous democracy asserting its right to be seen and heard on the world stage at every opportunity.

On the eve of the country's first democratic presidential elections, Taiwanese are looking toward the future with a mixture of pride and unease.

"Of course it is good that we are holding presidential elections for the first time, but it is just two days before the election and I am still having a difficult time making a decision," says Dr Josephine Wong, a 38-year-old neurologist. "I feel there is no real choice."

Ms Tsai Hsueh-li, a shopkeeper in her forties, is worried about the outcome. "Sure, it's been a long journey for us, but we'll have to wait and see the result. If those people seeking Taiwanese independence win, then we'll really be in trouble."

In the 1970s the US and China drafted agreements saying Taiwan was a part of China, and the Taiwanese people were not consulted. This provisional arrangement was supposed to last four decades or more, and Taiwan was supposed to keep quiet and make money. But democracy has thrown a spanner in the works. Now Taiwan is objecting – loudly – to being shut out of the international community.

"After these elections, we now recognise this government as legitimate, but externally we are still not considered legitimate," says Ms Yang Maysing, foreign affairs director for the pro-independence Democratic Progressive party (DPP), the leading opposition party. "We want legitimacy."

Taiwan's newly assertive behaviour enrages Beijing, which views Taiwan as a rebel-held province of China and reserves the right to use force to recover it. And the presidential election, claims Mr Lee Teng-hui, the incumbent and front-runner, terrifies the leadership of the world's most populous country – so much so that Beijing has seen fit to hold several weeks of menacing military drills close to the island.

So in addition to the usual menu of domestic issues that voters must ponder when casting their ballot, Taiwanese must worry about a bellicose China stepping up its territorial claim. Although China casts an inescapable shadow over this election, some voters feel that domestic issues will be the determining factor in how they cast their vote. They complain of corruption and inefficiency under the stewardship of the long-ruling Nationalist party, or Kuomintang (KMT), of which President Lee is chairman and which has ruled the island since General Chiang Kai-shek fled China's civil war in 1949.

Vote-buying by the KMT, which has extensive and profitable business interests, remains common in rural areas. A number of KMT-backed politicians are alleged to have links with organised crime.

"People my age are glad to have this election," says Mr K C Kao, a 31-year-old stockbroker, "because it means Taiwan is more democratic. But at the same time we're not happy because Lee will probably win, and that will mean more bureaucracy and corruption.

"It was not easy for us to achieve democracy. I'm not pro-DPP but I believe the opposition deserves the credit, not Lee." Before martial law was lifted in 1987 many dissidents were exiled, tortured or killed for advocating democracy and independence.

Some people believe the next president should address Taiwan's internal problems. "The China question will take a long time to resolve but what really needs to change is the domestic situation," says Dr Wong. "If you really want to be international, if you want to gain recognition and respect, you have to strengthen and improve yourself. The problem of money politics is very bad and I fear it will get more severe."

China's recent military manoeuvres have only boosted the KMT's chances of staying in power. "When people's biggest concern is a Chinese attack, they can tolerate a high level of corruption. Under such circumstances it's very difficult for us to keep these issues alive," concedes Mr Chiou I-jen, secretary general of the DPP. "I think President Lee fully enjoys the feeling of being under threat. Attacks and criticism from China can quickly raise his reputation on this island." Opinion polls indicate Mr Lee could get more than 50 per cent of the vote.

Still, the platforms of the four candidates differ only in nuance. Although the DPP candidate, Mr Peng Ming-min, openly supports independence, he insists that there is no need to declare independence. This is quite similar to the KMT position, which officially calls for eventual reunification but in the meantime wants Taiwan to join the international arena as a fully recognised sovereign entity. Two independent candidates, Mr Lin Yang-kang and Mr Chen Li-an, both support eventual reunification and take a conciliatory line toward China.

However, none of the four candidates is in favour of dropping the policy of pragmatic diplomacy and the push for international status which have so irritated China. None supports immediate unification; all (except the DPP) say that unification can be achieved only after China becomes prosperous and democratic. All reject China's "one country, two systems" premise and all reject the notion that Taiwan is a part of the People's Republic of China.

And therein lie the beginnings of a consensus in Taiwan politics, forged on the anvil of China's latest posturings in the Taiwan Strait.

"Very few people want any kind of physical unification, and certainly not now," says Mr Andrew Yang, secretary general of the Council for Advanced Policy Studies. "But many people want Taiwan to become more acceptable in the international community." The election tomorrow will bring that aspiration a step closer.

President Lee Teng-hui waves to supporters from the top of a truck on the campaign trail in the northern town of Shulin Reuter

MILESTONES ON THE ROAD TO DEMOCRACY

1949 – General Chiang Kai-shek flees China's civil war, sets up government on Taiwan
1969 – Elections held to fill small number of parliamentary seats in law-making bodies chosen on China mainland in 1947
1972 – Elections for so-called supplementary seats for parliament. Still only a small minority of representatives are elected
1986 – Founding of opposition Democratic Progressive party. Though party technically illegal, government turns blind eye
1987 – End to martial law. Visits to mainland by Taiwan residents permitted
1988 – New newspapers allowed. Lifetime MPs "encouraged" to retire. Visits to Taiwan by certain mainland Chinese approved
1989 – New political parties legalised
1991 – Emergency powers scrapped. Parliament becomes fully elected
1992 – Parliament orders destruction of ideological dossiers on civil servants and employees of state companies
1993 – Ban on new radio stations ended. Parliament orders thousands of government officials to declare personal wealth
1994 – Applications for television stations opened
1996 – First direct presidential election held on March 23

Reuter

ASIA-PACIFIC NEWS DIGEST

Japanese land prices worsen

The collapse of Japanese land prices accelerated last year, the fifth year of decline, according to figures released yesterday, but property experts in Tokyo believe the fall is now starting to slow as the economy picks up.

Commercial land prices in the three largest cities – Tokyo, Osaka and Nagoya – fell 16 per cent compared with 14.8 per cent in 1994, according to the government's National Land Agency. Residential land prices in the same areas fell by 4.6 per cent, against 2.8 per cent the year before.

The Ginza, the upmarket Tokyo shopping district, retained its distinction as Japan's most expensive area last year, even after a nearly 23 per cent price decline to Y13.5m (£83,800) per square meter in the value of one prominent office block surveyed by the agency.

On average, Japanese urban land values are now 60 per cent below their 1990 peak and close to the level of 10 years ago, according to a separate survey, published earlier by the independent Japan Real Estate Institute.

Property analysts in Tokyo believe that economic recovery and the current record low interest rates will start to brake the decline this year, though the forced sale of property held by bankrupt housing loan companies could momentarily hit prices in late 1996. *William Dawkins, Tokyo*

Carrian chief ordered in custody

Mr George Tan, head of Hong Kong's Carrian group which collapsed in 1983 under a HK$10bn (£850m) debt burden, was ordered yesterday to be taken into custody after the colony's High Court revoked bail. Mr Tan, 62, will now be in custody until his trial starts on September 3 on four charges of conspiracy to defraud, four charges of corruption and one of false accounting.

A trial for corruption collapsed in 1988 amid an outcry over the judge's behaviour and the high costs of the unsuccessful prosecution. An investigator sent from Malaysia to Hong Kong to investigate the scandal was found strangled in a banana grove near the Chinese border. Another figure linked with the case was found dead in a swimming pool. *Reuter, Hong Kong*

NZ monetary policy stays tight

Mr Don Brash, New Zealand Reserve Bank governor, yesterday refused to bow to pressure for an easing of monetary policy following sharp rises in the New Zealand dollar and domestic interest rates. Making his quarterly economic statement, he acknowledged his refusal would surprise many, but that for the rest of the year inflationary pressures would remain at the top of the nil to 2 per cent target band he is required to meet.

The central bank reported that economic growth had slowed to around 1.5 per cent in the year which ends this month but would gradually rise to 2.3 per cent over the next 12 months and to 3 per cent the year after. Employment growth would slow. Unemployment was projected to rise slightly over the next two years to around 6.9 per cent.

Mr Brash said a recent rise in interest rates would take some heat out of the residential and rural property market, which was the main factor in current inflationary pressures. *Terry Hall, Wellington*

NEWS: INTERNATIONAL

Carmakers 'need global steel groups'

By Stefan Wagstyl, Industrial Editor

The world's top steelmakers were yesterday urged to follow their customers in the motor industry and step up investment in developing countries.

With carmakers investing in China, India and elsewhere in the developing world, it was time for steel suppliers to do the same, said Mr Ronald Schuster, director of steel purchasing for the North American operations of General Motors, the biggest US vehicle manufacturer.

"Different markets will demand slightly different approaches. As we expand globally, we need to work together to make sure people around the world can purchase the vehicles we want to build for them," Mr Schuster told a Financial Times steel industry conference. "We need our global steel suppliers to go forward and invest in developing countries."

Mr Schuster praised Inland Steel, the sixth largest US steelmaker, which is opening a $20m (£13m) steel service and distribution centre in Shanghai in a joint venture with Chinese partners. He said the industry needed more such alliances.

He also urged the steel industry to adopt common standards and technical specifications so that customers could order the same grade in different countries and be sure of receiving the same product. US, European, German and Japanese standards were not the same. Sometimes they were not even compatible. Steel testing arrangements were also not uniform, with different ways of measuring strength, for example.

As a result GM had to build vehicles with different materials in different countries to compensate for the fact that certain types of steel were not always available. "The bottom line is that to satisfy globally functioning companies like GM, there must a free flow of material around the world... The harder it is to buy and use steel in our developing markets, the harder it will be to succeed in those markets."

Mr Schuster's remarks were echoed by Mr Robert Knopik, vice-president of sales and marketing at Inland Steel. "We follow our strategic customers," he said, listing the company's investment plans in steel distribution in India and Mexico, as well as China. Inland was not exporting metal but building networks of stockholding centres in foreign countries, using local producers for supplies. Overseas turnover, which has grown from zero in 1993 to $150m in 1995, was forecast to reach $1bn in 2000.

However, Mr Johannes Sittard, managing director of Ispat International, the fast-growing UK-based international steelmaker, warned that internationalisation was "a risky strategy for the uninitiated". While Ispat, which has operations in Indonesia, the Caribbean, North America and western Europe, had successfully internationalised, there were companies which had failed. The challenges included differences in cultures, working practices, and financing arrangements and transport difficulties.

Nevertheless, liberalisation of trade and investment in many countries and improving communications made international expansion easier, said Mr Sittard. Also, privatisation created many opportunities, such as Ispat's recent decision to take over a large state steelworks in Kazakhstan.

World 'ignoring resurgence of TB'

Drug-makers 'do not realise how much the market for anti-TB treatment will expand'

By Clive Cookson in London

Tuberculosis killed a record 3m people worldwide last year and will kill more than 30m over the next decade, unless governments and the pharmaceutical industry increase drastically their spending on prevention and research.

That urgent call to action came yesterday from the World Health Organisation in a London conference on TB. It said the resurgence of the disease over the past decade meant that its death toll had now overtaken the peak of 2m to 2.5m deaths a year reached during the previous epidemic at the end of the 19th century.

"Not only has TB returned, it has upstaged its own horrible legacy," said Dr Hiroshi Nakajima, WHO director-general, launching a progress report on the deadly infection, three years after WHO declared TB to be a global emergency.

Most of the news is indeed gloomy. The toll continues to rise – driven by the spread of antibiotic-resistant TB strains and by the parallel epidemic of Aids which makes people more susceptible to TB. Deaths from TB now exceed those from any other infectious disease.

Dr Arata Kochi, director of the WHO global TB programme, said many world leaders behaved as if tuberculosis did not exist. "Other diseases, such as flesh-eating bacteria, the plague, Ebola virus and mad cow disease have captivated the public's attention and are higher on the public policy agenda than TB."


WHO chief Nakajima: TB is back with a vengeance

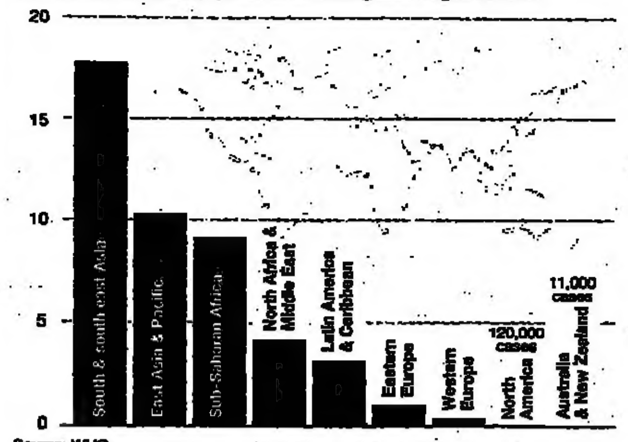
Most of the pharmaceutical industry continues to ignore TB, said Dr Paul Nunn, the WHO's head of TB research and surveillance.

"The last anti-TB drug to come into service was rifampicin in 1963. There are some potential drugs which companies are not developing although they are very promising in laboratory tests."

Companies are reluctant to enter the field for several reasons, according to Dr Nunn. One is that they do not want the medical profession to identify a new antibiotic simply as a "TB drug". Another is that a course of antibiotics takes several months to eradicate TB from a patient, because the bacteria responsible have a very slow metabolism compared to most other germs; therefore companies worry about legal liability if their products show long-term toxicity.

TB hits young workers

Total number of cases (m) 1990-2000 among adults aged 15 to 44



Source: WHO

A third reason, Dr Nunn says, is that "pharmaceutical companies do not realise the extent of the market and the extent to which it is going to expand."

But there are some glimmers of hope. Glaxo Wellcome of the UK, the world's largest drugs company, is committing £10m over five years to Action TB – a collaborative programme involving 20 university groups in the UK, South Africa and Canada with its own researchers in Stevenage.

Dr Ken Duncan of Glaxo Wellcome, the programme co-ordinator, says the researchers are making good progress in discovering more about the molecular biology of TB and identifying targets for new drugs. "We are looking for a big jump forward, not an incremental step."

At the same time Glaxo Wellcome is screening large numbers of new chemicals for possible antibiotic activity against TB.

Another encouraging development yesterday was an announcement by Wellcome Trust, the medical charity, of a project to sequence all the genes of the TB bacterium at the Sanger Centre for genetic research in Cambridge. The results will help any pharmaceutical company trying to discover TB drugs.

On the most optimistic view, however, no new treatments will be available for several years.

Until then, attempts to control TB will depend on a process that WHO calls Directly Observed Treatment Short-course (Dots). This requires health staff to monitor patients rigorously to make sure that they take a combination of antibiotics reliably for six months.

IMF sees savings for poorest in SDR allocations

By Robert Chote in Washington

The International Monetary Fund's proposal to expand its overdraft facility for central banks could save those from poorer countries $1.5bn (£980m) a year by allowing them to borrow foreign exchange reserves at low interest rates, according to its chief economist.

Mr Michael Mussa, the Fund's economic counsellor, mounted a robust defence of the "special drawing right" facility at an official seminar in Washington earlier this week. SDRs, sometimes known as the Fund's "quasi-currency", allow countries to borrow reserves at interest rates which would otherwise be available only to the world's richest economies.

Mr Mussa said the IMF managing director's long-standing proposal to allocate SDRs worth about $54bn to its member countries could save $1.5bn a year. He conceded that this was a modest sum relative to world income and output, but added that "for an allocation that is essentially costless, annual savings of this magnitude imply a very handsome rate of return". Some economists, however, argue that SDR issues involve higher costs than Mr Mussa suggests.

About $30bn of SDRs are already in issue, with the most recent allocation in 1981. Proposals for a fresh allocation foundered at the 1994 IMF annual meeting in Madrid, with industrialised countries opposed to any allocation not focused on countries with few or no SDRs to start with. The Fund and developing countries preferred a "general" allocation to all members in proportion to their "quotas" or shareholdings in the IMF.

This week's seminar demonstrated that differences over the proper role of SDRs remain. Mr Helmut Hesse, head of the central bank for Bremen, Lower Saxony and Saxony-Anhalt, argued that SDR allocations would make the world monetary system's deficiencies worse. Germany fears SDR issues will fuel inflation and weaken the incentive for non-creditworthy countries to improve their economic policies. Mr Hesse argued that while helping developing countries was important, it was not the job of a monetary institution such as the IMF.

The seminar did not aim explicitly to come up with a proposal to break the logjam which formed at Madrid. But some officials left the meeting feeling that there was now more scope for progress.

Mr Michel Camdessus, the IMF's managing director, told the meeting an amendment to the Fund's articles of association might be the way to carry the debate forward. This would require the approval of national parliaments, but Mr Camdessus said that national parliaments would have to be consulted anyway to approve a proposed increase in the Fund's share capital.

In order to secure SDRs for those – mostly transition – countries which had joined the Fund since the last allocation, Mr Camdessus suggested SDRs could be issued so each country had the same amount in proportion to its quota as the average for those countries which have been in the system from the start. Alternatively, each country could be given enough SDRs to bring its holding up to the same proportion of its quota as the current most favoured nation – the UK – at 25.8 per cent.

Some G7 officials claimed this line of argument showed that Mr Camdessus was edging towards the sort of compromise proposal which they had put forward at Madrid.

Turkey blocks mine clearance

By John Barham in Ankara

Turkey has barred the Mines Advisory Group (MAG), a UK-based organisation that clears landmines in former battle zones, from delivering equipment needed to step up its work in northern Iraq. As a result, the entire United Nations-backed international rehabilitation programme for the area is being hampered.

Ankara claims mine detectors used by MAG could fall into the hands of the Kurdistan Workers party (PKK), which is waging a guerrilla war in south-eastern Turkey and has established camps in northern Iraq. Entry to the region, an autonomous Kurdish area outside Baghdad's control, is possible only through Turkey.

Mr Rezgar Ghafor, MAG's desk officer for northern Iraq, says "northern Iraq is one of the world's most heavily mined areas." The Iraqi army laid about 3-5m mines in the area, during the 1981-89 war with Iran, but did not demarcate minefields or record where mines were laid. Most minefields lie along the Iraq-Iran border, rather than the border with Turkey which PKK guerrillas frequently violate.

MAG has recorded 2,126 deaths and 3,651 injuries caused by mines since 1991 but believes casualties are higher, since not all the wounded can reach hospitals. About one-third of the dead or injured are children.

Turkey's refusal to allow in mine detecting equipment has disrupted MAG's plan for substantially upgrading mine detecting operations in Iraq this year. Turkey has even rejected UN offers to supervise the use of detectors.

Many Turkish politicians suspect western governments of attempting to set up a Kurdish state in Iraq. France, the UK and US protect the region by flying missions to enforce the UN's no-fly zone above the 36th parallel. Some Turkish officials believe private aid operations are merely a cover for pro-Kurdish organisations.

BMW to invest $765m a year in Rover

By John Griffiths in London and *Wolfgang Münchau in Frankfurt*

BMW is to invest around £500m ($765m) a year for the next five or six years in new models and production facilities at Rover Group, its UK vehicles subsidiary.This is more than double the average level of investment which prevailed under Rover's previous owner, British Aerospace, and underlines the German carmaker's intention of making Rover a full partner in its global business.

Reporting profits before interest and tax for last year of £91m, nine per cent up on 1994, Rover disclosed yesterday that capital investment had already risen above £500m. This was a 30 per cent increase on 1994, BMW's first year of ownership, and compares with an average of £200m to £250m a year under the ownership of BAe, which had bought Rover from the British government six years earlier for £150m.

Rover's investment plans for the UK now match those of Ford, the UK market leader, and are well ahead of the £650m General Motors intends to invest in its UK subsidiary Vauxhall over the same period. Taken together, the investment intentions of all three carmakers underline the new attractiveness of the UK as a vehicle manufacturing centre.

Rover already has the capacity to produce 150,000-200,000 more vehicles than the 501,300 it built last year. Much of the extra funding is therefore earmarked for new model programmes. These include a small Land Rover, Mini and Rover 600 replacements "and doubtless a few surprises", Rover said yesterday.

Rover has not indicated how many jobs such a large investment programme could create.

"We can be very pleased with our performance," Mr John Towers, Rover's chief executive, said last night. Worldwide sales have continued their rise in the first two months of this year to about 10 per cent above 1995 levels. Sales revenue rose last year to £5.6bn from £4.9bn, with unit sales to non-European markets jumping by 38 per cent to 93,000 vehicles, with record sales in Japan and north America.

Rover's spending intentions emerged as its German parent yesterday reported a small decline in net profits from DM697m to DM692m in 1995, and a small rise at the pre-tax level on ordinary business activities, of DM10m to DM1.37bn. The ordinary dividend will be DM13.50 (after DM12.50 plus DM1.50 bonus last year) and the dividend on preference shares will be DM14.50 (after DM13.50 plus DM1.50 bonus). BMW's shares fell immediately after the announcement, recovering later to close at DM808, down from DM810 the previous day.

'Mad cow disease' Germany proposes ban on exports of British beef and derived products to EU states

Brussels considers support for cattle farmers

FT Reporters in Brussels, Paris, Bonn and Stockholm

The European Union was considering ways of supporting beef producers across the continent yesterday as prices began to fall in the wake of the UK government's announcement of a probable link between "mad cow disease" (BSE) and its human equivalent.

EU officials monitoring the fall-out in the markets said it was too early to say what financial support could be made available for EU beef producers if prices fell sharply. However, they said, a "range of options" was being considered.

One scenario would involve the EU buying beef into intervention. This would be triggered if beef prices fell by 15 per cent or more, at which point the EU would be obliged to support the market by buying beef. However, the Commission is keen to avoid such a scenario as it would find it difficult to resell the meat. Traditionally meat bought into intervention has been exported to countries outside the EU, such as Russia.

Other options could involve topping up beef premiums to farmers, although officials pointed out this would only help farmers with live animals and would not help those who had already had their animals slaughtered. A further option could be to provide "special aids" which would involve the UK, or other governments, making a case for such funds.

A previously scheduled meeting today of veterinary experts will consider what action the EU should take to protect consumers. Any recommendations would be considered by Mr Franz Fischler, the EU Commissioner for agriculture, over the weekend and, with his approval, would be passed onto a larger group of experts including representatives from member states, on Monday.

EU officials warned that action could be delayed if there were calls for an EU-wide ban on all British beef exports. Any such decision would have to be considered by the Council of Ministers.

The Commission is under pressure to act quickly following decisions by France, Belgium and Sweden to ban imports from Britain. The Netherlands also suspended imports until Monday, when it will make a final decision.

The Commission had threatened to take three German states which recently banned British beef to court for allegedly breaching EU legislation. However, officials stressed that the latest actions would be viewed in a different light. "We expect member states will fall into line once the Commission makes its position clear," he said.

In 1993 Britain produced 857,000 tonnes of the total EU production of 7.7m. Of the UK total, 277,000 tones were exported primarily to France, Italy and the Netherlands.

The French government said it was banning the import of live beef and carcasses, which totalled 110,000 tonnes last year, "until further notice", a move designed to give consumers "all the necessary guarantees".

But the main French farm union, Fnsea, expressed concern that French consumers might take fright about buying beef of any origin, and switch to other meats.

The Belgian government said it was instituting the ban on all British beef and beef products as a precautionary measure and called on the Commission to act on the matter as soon as possible. Belgium imported 66,600 calves, 3,500 tonnes of beef and 121 tonnes for products derived from beef in 1994.

Sweden's decision to ban imports was taken by Livsmedelverket, the Swedish food safety authority, backed by the Social Democratic government. "This is a correct decision because we are working from a principle in Sweden that if it is not possible to prove that something poses no threat to public health, then we should take no risks by importing it," said Mrs Margareta Winberg, minister of agriculture.

The government said the decision was legal under European Union law, citing Article 36 of the Rome treaty allowing countries to take action to protect the health and safetey of citizens.

Germany yesterday called for a general ban on exports to the rest of the European Union of British beef, beef products, beef offal and animal feed as well as raw materials for drugs and cosmetics derived from UK beef.

The federal ministries of health and agriculture in Bonn said they were working on measures for EU-wide consumer protection in the light of "disturbing" information which they would publish today. They said a decision would also have to be made on how far consumer protection measures were extended against other countries with BSE. All measures would have to be structured to avoid circumvention through imports by way of third countries.

Ten years on the hoof

■ **Nov 86:** BSE officially recognised after spate of cases in 1985.

■ **April 88:** Southwood committee formed to investigate epidemic.

■ **June 88:** Southwood interim report recommends slaughter of infected animals and BSE to become a notifiable disease.

■ **July 88:** Ban on animal feed manufactured from cattle slaughterhouse waste and rendered down sheep.

■ **August 88:** Slaughter ordered of all suspected or BSE-infected livestock.

■ **Feb 89:** Government bans beef offal from baby foods. Health secretary Kenneth Clarke admits BSE-infected cattle entered human food supply between 1985 and July 1988 but believes the chance of anyone contracting the disease "appears remote and theoretical".

It is "most unlikely that BSE will have any implications for human health".
Southwood Report

■ **Nov 89:** Ban on use of cows' brain, and spinal cord for human consumption.

"Offals from calves under six months of age will be excluded from these arrangements since any of these offals which may be used for human food will not present a human health hazard."
Agriculture minister John Gummer

■ **Jan 90:** Government to spend £12.5m on mad-cow disease research. 'No evidence whatsoever of a risk to human health'
Government chief veterinary officer Keith Meldrum

■ **May 90:** John Gummer's daughter eats a beefburger in front of the British press.

■ **Sep 90:** Ban on using cows' brains and spinal cords in animal feed.

■ **Jun 94:** Ban on the use of cattle brains and spinal cord is extended to include meat from calves under six months.

■ **Oct 95:** Deaths from CJD running at double 1985 figure, according to government statistics.

■ **Dec 95:** Ban on the use of mechanically recovered meat for human consumption "As soon as we ever have any evidence of any risk posed by BSE we will say so. I would reiterate that we have no evidence of any link between BSE and the human disease CJD. . . I am absolutely certain that British beef is wholly safe"
Agriculture minister Douglas Hogg

'There is currently no scientific evidence that BSE can be transmitted to humans or that eating beef causes CJD in humans. . . I am also advised that beef is a safe and wholesome product'
John Major

The investigators

The independent scientific experts guiding the UK government's response to BSE and CJD are known collectively as the Spongiform Encephalopathy Advisory Committee, our Science Editor writes. The agriculture and health ministries set up the committee in 1990 as public concern about the risks of human infection from "mad cow disease" reached its first crescendo.

Dr David Tyrrell, a distinguished expert on viral diseases from the Medical Research Council, chaired the committee until he retired last November.

He was replaced as chairman by another virologist, Professor John Pattison, dean of the University College London Medical School.

In December, in the midst of another wave of public anxiety, the government increased the membership of the committee from eight to 12. Members now include a wide range of scientific, medical and veterinary expertise.

An important member is the deputy chairman, Dr Robert Will. He runs the National CJD Surveillance Unit set up in 1990 to monitor the incidence of Creutzfeldt-Jakob disease in the UK. His unit produced the devastating evidence, made public on Wednesday, which links 10 recent cases of CJD in young people with BSE.

Other committee members include Professor John Collinge, head of the Prion Diseases group at St Mary's Hospital, London.

UK NEWS DIGEST

Profits offer on gas pipeline

British Gas, the former state utility, yesterday offered to share part of the profits of its £17bn pipeline network with its customers, provided they share in any losses as well. The offer came in a wide-ranging set of proposals that the company made to Ofgas, the gas industry regulator, which is reviewing price controls on Transco, the British Gas pipeline arm, which is soon to be demerged

Mr Philip Rogerson, executive director of British Gas, said the profit-share offer was being made to block the risk that Transco could be subjected to tougher price controls if it made unexpectedly large profits. "Major changes are taking place in this industry," he said, "and none of us know what is really going to happen." Analysts said the offer appeared to be a sweetener in what is likely to be a tough round of negotiations with Ofgas over the new price controls. The opposition Labour party favours profit-sharing to siphon off the excessive profits that the privatised utilities are deemed to be making.
David Lascelles, Resources Editor

Inflation signals at loggerheads

The annual rate of underlying inflation, which excludes mortgage interest payments, rose to 2.9 per cent last month, from 2.8 per cent in January. This occurred even though the "headline" rate – which includes all items – fell to its lowest level for 15 months because of lower mortgage costs and sharp falls in petrol and tobacco prices. However, a Confederation of British Industry survey showed that demand for manufacturing goods was at its weakest level for more than two years.

The CBI warned that although factories are still increasing output, it fears some companies may be excessively optimistic – particularly since export markets are weakening. These conflicting trends present the government with a difficult balancing act as it assesses the impact of the three cuts in interest rates since December. These cuts have reduced rates by three-quarters of a percentage point to their current level of 6 per cent. But the City of London increasingly doubts the government's ability to cut rates further.
Gillian Tett, Economics Correspondent

Marketing links proposed

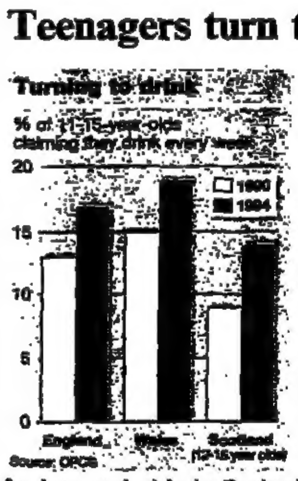
THE NATIONAL LOTTERY

Camelot, the National Lottery operator, is to choose up to 10 marketing partners in the consumer goods industry who would be able to use the official lottery logo on their products and give consumers vouchers with their products which could be exchanged for lottery tickets. Commercial messages on lottery tickets are another possibility. The right to become a marketing partner of the National Lottery will go to the highest bidder – subject to a quality threshold – and the bidding starts at £100,000 ($153,000). Sectors likely to be interested include soft drinks, confectionery and national newspapers. Camelot outlined its proposals at a meeting yesterday with representatives of 70 "blue-chip" consumer and service companies. In the application for the licence to run the National Lottery bidders were asked to set out proposals for "ancillary activities." This is the first big such activity.
Raymond Snoddy, Consumer Industries Staff

Rescue sought for factory

A management team with £5m ($7.65m) or more to invest in starting a food manufacturing business in Maryport, north-west England, is being sought by West Cumbria Development Agency. The agency is anxious to find new occupants for Maryport's Homepride cooking sauce plant where production finished last week. Campbell's UK, which acquired the plant and Homepride brand last August from Dalgety for £58.6m, is closing the factory and moving production to other UK sites. The loss of the plant's 123 jobs is a big blow to the small town of Maryport, an unemployment blackspot.
Chris Tighe, Newcastle upon Tyne

Teenagers turn to alcohol



The proportion of young teenagers who drink alcohol every week has risen over the past four years, says the Office of Population Censuses and Surveys. But 40 per cent of the age group never touch alcoholic drinks. The office says the proportion of pupils in England aged 11 to 15 who say they drink every week rose from 13 per cent in 1990 to 17 per cent in 1994. The comparable rise in Wales was from 15 per cent to 19 per cent, while in Scotland, for pupils aged 12 to 15, the proportion of drinkers rose from 9 per cent to 14 per cent. The trend held true for boys and girls in England and Scotland, but was more pronounced among boys in Wales. The study, based on regular surveys, also found that those who drank had increased their average weekly consumption over the period. In England the rise was from an average of 0.8 units in 1990 to 1.3 in 1994.
Mark Suzman, Public Policy Staff

Discrimination award: A nurse has won a £50,000 ($76,500) settlement after bringing a claim of racial discrimination against a health service trust in London. Nargis Firdous claimed that a manager had carried out a sustained and ultimately successful campaign to remove her from her job. The Commission for Racial Equality said the payout was one of Britain's biggest in a racial discrimination case. "This was a scandalous example of racial discrimination and collusion in high places," said the commission.

Jury out: The jury in the trial in London of Mrs Elizabeth Forsyth, an aide of former Polly Peck chairman Mr Asil Nadir, will continue its deliberations today after failing to reach a verdict yesterday. Mrs Forsyth denies two charges alleging that she handled almost £400,000 ($612,000) stolen from Polly Peck.

Labour party commends baccalaureat

By John Authers in London

Students aged 16 or more in English and Welsh schools would be expected to work much longer hours and take a broad-based diploma similar to a baccalaureat, under proposals announced yesterday by the opposition Labour party.

Mr David Blunkett, Labour's chief education spokesman, said sixth-form pupils' work would be expected to rise from the norm of 19 taught hours a week, towards the continental European average of 30.

They would be required to take a broader range of subjects and courses to qualify for the diploma. While these could include the present A-level examination, which would continue in its present form, Labour would attempt to move closer to international practice by including compulsory courses in skills such as using information technology.

"Our competitor nations in south-east Asia and our European partners all have a more flexible and coherent framework of qualifications than we do," said Mr Blunkett. "If we are to retain social cohesion and build economic prosperity for our nation in the next century, we must face up to this challenge."

Labour would build closer links with local businesses, he added, with 14 to 16-year-olds who were disruptive or played truant being offered work experience and the possibility of vocational courses at local further education colleges. The ablest pupils aged more than 16 would have the chance to take university courses which would count towards a degree.

Mr Blunkett admitted the proposals on work experience for 14-year-olds would not be easy to implement.

"It would be the easiest thing in the world to write these children off. But if we do that, we would do it at our peril, because the social consequences would be horrendous."

Courses would be funded by the schools, with contributions from local industry and Training and Enterprise Councils.

The document's main proposal, to include all academic and vocational qualifications in a new general certificate, is likely to be endorsed by Sir Ron Dearing, the government's chief curriculum adviser, when he announces the results of his review into post-16 qualifications next week.

Exchange delays order-driven trading

By George Graham, Banking Correspondent

The London Stock Exchange has delayed the introduction of electronic order-driven trading for the most liquid shares for at least a year.

The exchange's board agreed yesterday to hold another round of consultation in May and June on a detailed plan for introducing an electronic order book. A final go-ahead for the new trading system is expected at a July board meeting.

The order book would allow buy and sell orders to be entered on a central system, and automatically executed when they matched. In the current quote-driven system, marketmakers list on screen the prices at which they are willing to buy or sell, but deals are struck by telephone.

The decision to introduce an order book no earlier than the early months of 1997 drew sighs of relief yesterday from stockbrokers who had complained that the exchange was trying to ram through a new method of trading when its Sequence 6 computer system came on stream in August. Most large brokers and marketmakers said they would need nine to 12 months after the release of detailed rules to adapt their own systems to order-driven trading.

An outline proposal put forward unanimously by a steering committee and endorsed yesterday by the board advocated the introduction of an order book for the FT-SE 100 stocks.

This could be extended to other stocks, and will be combined with block trading, enabling dealers and large investors to negotiate prices for very large blocks of shares. Several of the steering committee's members were marketmakers such as BZW who had initially argued against any change to the quote-driven system of trading.

But although the marketmakers have now been won over to order-matching, the exchange must still make a convincing case for order-matching to institutional investors, some of whom are worried that the change could damage liquidity. "Just because order-driven trading is used in overseas markets doesn't mean it is right for London," said a large fund manager.

Several of biggest institutions still want to start with a limited pilot scheme instead of plunging in with the whole FT-SE 100. The steering committee will now set to work on a much more detailed plan to be put to the board on April 25.

Among sensitive issues yet to be addressed in detail is how block trades should interact with the regular order book. Investors may be reluctant to publish their orders if they think they may be ignored by block trades.

RECRUITMENT

JOBS: The gulf between boardrooms and senior management may be widening

Shoulders to cry on when business gets tough

Some years ago David Nobbs wrote a novel about a disillusioned executive called Reginald Perrin whose company head, CJ, would begin almost every sentence with the remark, "I didn't get where I am today without..."

The overstressed Perrin was ahead of his time but what of CJ? Are boardrooms populated by confident autocrats who know exactly what they want and how to get it? Or are there hundreds of directors who feel it is lonely at the top?

David Clutterbuck believes that it is not only lonely but that some directors need guidance about what they do when they get their jobs. He is a partner at Clutterbuck, Palmer Schneider, a firm based in Trafalgar Square which offers mentoring in the boardroom.

The business has brought together a number of individuals who have been running small, single-consultant mentoring practices. They are working in a largely untried market.

An Industrial Society report published last year found that mentoring was used almost exclusively by companies for junior and middle managers, often graduate trainees who needed to understand the culture and policies of their new employer. It was almost never used among blue-collar workers and was rarely demanded by senior executives and directors. The society's survey of 674 managers found that although directors frequently acted as mentors, they very rarely received mentoring themselves.

The report suggested this was an omission, partly because the roles expected of mentors, those of adviser, facilitator and counsellor, were also important for managers dealing with the restructured, delayered workplace with its emphasis on self-managed teams.

Another big benefit identified by those who had been mentors was that mentoring prompted a reassessment of their own views and awareness of the views of more junior staff. Andrew Forrest, the Industrial Society's human resources director, said in the report: "Chief executives and directors can benefit enormously from a mentor. Mentoring at very senior level is not likely to be publicised, but it is becoming more prevalent."

Some directors, then, apparently do see a need for mentors, but those who do may be more likely, publicly at least, to take the CJ approach – "I didn't get where I am today by using a mentor." This difficulty in facing up to their needs is a big problem, particularly to newly promoted executive directors unsure of their role. "These are people who have good operational experience but who suddenly find themselves without any training and development enabling them to come to terms with the corporate governance requirements in running a board," says Stephen Schneider, a partner in Clutterbuck, Palmer Schneider.

Schneider and Clutterbuck say they have often identified big gaps in understanding between senior managements and their boards. "If you ask people beneath the board what they think the board actually does, you get an enormous amount of ignorance," says Clutterbuck. He believes that non-executive directors can sometimes prove useful mentors to executive colleagues.

Part of the difficulty of providing mentoring support to a chief executive, however, is what he calls "speaking truth to power". How do you make the company head see something differently if you are afraid of his reaction? Part of the answer lies in the approach and background of the mentor. Older, experienced people who have been in a similar position to that of the director earlier in their career but have stayed in touch with corporate developments might have the right background, but would need to empathise and listen.

Just how powerful boardroom demand will be for mentoring is difficult to gauge. Even if the board is convinced of its value, it might be put off by the cost. Mentoring directors would typically charge about £8,500 a year to service an individual director.

Managers speak out

Signs that managers are becoming heartily fed up with restructuring programmes have emerged in the Ashridge Management Index, an annual survey, now in its second year, of UK management attitudes.

The survey of 563 managers, mainly middle and senior managers, discovered a degree of what it called "change programme weariness" as today's Reggie Perrins found themselves grappling with unforeseen difficulties from the previous year's changes. A common problem, said the report, was "having to do more with less".

Just how common this problem is, however, is debatable because one significant finding of the survey was the lack of change it discovered among many employers. "To our surprise delayering had occurred in just under one half of the organisations represented by our managers," it says.

It adds: "In a small but significant percentage of organisations layers of management had actually increased, reflecting in many instances the natural response of many small to medium-sized organisations to growth and development opportunities." This might suggest, says Ashridge, that some commentators are making too many generalisations based on big companies.

So what does the average UK manager now look like? He is male, aged between 36 to 45, with children. He is a general manager at senior level in the service sector, having worked for the employer between one and five years, and he is paid £44,000 a year. He is responsible for between six and 10 staff and an annual budget of up to £1m and he works for an employer with between 1,000 and 5,000 staff and an annual turnover of up to £50m.

His feelings about the company and top management are also changing. Nearly half of the managers surveyed said they felt less loyal and a third of them said they were less committed to their employer than five years ago. This finding, however, might be interpreted less as loss of commitment and more as a transfer of commitment. Nearly half of the sample said they felt increased commitment to their team or business unit. One of them said: "I love my work and the people I work with but am not very enamoured with the organisation."

Significantly the report noted differences in attitudes between managers working in small and large companies. Commitment and loyalty had decreased most among those working in larger organisations and those in the utilities and financial services sector.

The report found that the single most important motivator was to have challenging and interesting work and that, by and large, many employers had responded to this. But it noted what it called an over-reliance on performance-related pay as a method of motivation.

It also found a more worrying source of motivation, that of fear and threats. "The fear of being out of work cannot be ignored as a motivational force," said one manager. Another said: "There is a heavy reliance on threats with regard to job status and security."

Stress levels among managers had also risen slightly on those found last year, with 79 per cent reporting their work was a source of stress. When the report looked more deeply at the cause of stress, it was associated less with working long hours and insecurity and more with management relationships.

It said: "It is the individual's relationship with their line manager and the perceived capacity of an organisation and its leadership to innovate and develop the business which causes most dissatisfaction."

Both this report and the comments of the mentoring firm seem to suggest a gulf is developing between boards and senior managers. This week's ballot on industrial action by BT managers over pay may be evidence of this discontent rising to the surface.

Ashridge Management Index is available from the Ashridge Management Research Group, Ashridge, Berkhamsted, Herts HP4 1NS, £25.

Richard Donkin

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Erwartet werden praktische Erfahrungen in Unternehmen speziell im Bereich Marketing oder in der Unternehmensberatung. Wünschenswert ist der Nachweis von Erfolgen im Vertrieb von Beratungsdienstleistungen. Neben der Fähigkeit zur Führung von Mitarbeitern in einem Team ist verhandlungssicheres Englisch in Wort und Schrift unbedingt Voraussetzung. Eine wirtschaftswissenschaftliche Ausbildung wäre von Vorteil.

Geboten wird die interessante Aufgabe, in einer Führungsposition die Kammer in London zu einem leistungsstarken Partner für die Mitglieder und Kunden weiterzuentwickeln. Bei Bewährung besteht die Aussicht, die Stellvertretung des Hauptgeschäftsführers zu übernehmen. Neben leistungsgerechter Vergütung werden im Rahmen eines Mehrjahresvertrages Auslandszulage und die üblichen Sozialleistungen gewährt.

Ihre vollständigen Bewerbungunterlagen (Lebenslauf, Zeugnisse, Lichtbild und Angabe des frühesten Eintrittstermins sowie Ihre Einkommensvorstellungen) richten Sie bitte unter Angabe des Kennworts 'Leiter Consultancy Services GB' bis zum 9. April 1996 an den mit der Vorauswahl beauftragten

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Toby Finden-Crofts on +44 0171 873 3456
Andrew Skarzynski on +44 0171 873 4054

EMERGING MARKETS SEARCH & SELECTION

Our client, a major International Bank with a significant presence in Russia, is seeking to appoint a senior banking professional to focus on developing the Bank's relationships within Russia.

SENIOR RELATIONSHIP BANKER - RUSSIA

The successful candidate, a seasoned banker, will build and manage emerging markets relationships at the executive level throughout the region and enhance business opportunities across a full range of banking product lines and services, Corporate Finance, Capital Markets as well as Commercial Banking.

We are looking for a team player with excellent communication skills, entrepreneurial spirit and strong ethics. Extensive travelling throughout the region is anticipated.

Applicants will have either conducted business in the CIS or have extensive knowledge of the region as a whole. Fluency in Russian is a distinct advantage.

In the first instance please send your CV in complete confidence to David Williams, Emerging Markets Search & Selection, 12 Masons Avenue, London EC2V 5BT. Telephone 0171-600.4744, Fax 0171-600.4717, E:mail david@emss.co.uk

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Project Finance Professional

Zurich **Attractive benefits package**

Our client is a major player in the provision of project and trade finance to clients around the world. As a result of a significant expansion in the scope of the business, the company is keen to recruit a bright, creative Project Finance (PF) practitioner to join their Zurich-based team.

With an MBA or equivalent, and preferably a first degree in an engineering or a science discipline, the successful candidate will have at least five years' PF experience gained in industry and banking. A strong background in handling projects based in South East Asia would be preferred. A demonstrated ability to close deals and to contribute at all stages of projects, from initial bid through to negotiation and implementation of the finance scheme will be necessary. This role will require a high degree of financial and computer literacy, combined with a strong intellect and a solid practical grasp of the international PF market. The ability to work both independently and as part of a team of project finance professionals is essential. A mature personality, the capability to perform in a high pressure environment, and excellent leadership, communication and presentation skills are required.

Reporting to the Regional Senior Vice President, this role presents an excellent opportunity for an ambitious project finance professional to further their career with a world class company. Opportunities for development within the group exist on a worldwide basis for the successful candidate.

If you would like to discuss this excellent opportunity further, please send your CV, including full details of your career and salary, to AAD Executive Selection Ltd, 7 Curzon Street, London W1Y 7FL, quoting reference 0398/FT or fax it to us on +44 (0) 171 499 6725 as soon as possible.

AAD

The Executive Selection Division of The Odgers Group

EMERGING MARKETS SEARCH & SELECTION

Our client, the world's leading independent investment management organisation with total assets under management in excess of US$400bn, employing 500 professional investment staff globally, seeks to recruit an experienced

SOUTH AFRICAN EQUITY ANALYST BASED IN LONDON

The International Research Department supports fund managers in the international offices. The equity analysts play a key role in the investment process which is based on a unique investment philosophy concentrating on individual stock selection.

Candidates profile:

- Ability to demonstrate a track record of at least five years fundamental and technical South African equity research, preferably gained from one of the leading local investment management or life insurance organisations. The individual will have experience of interviewing company management, utilising stockbroker research and applying capital market and competitive analysis.
- Based on detailed (quantitative) research of corporate financial statements of listed companies, the individual will be able to make investment recommendations and communicate these ideas both verbally and in written form to fund managers around the world.
- Able to demonstrate the ability to develop into a fund management role, preferably based on prior fund management experience in asset allocation or contribution in the stock selection process.
- First rate (post-)academic qualification and the flexibility to travel regularly to the region are a prerequisite. The ability to speak Afrikaans would be an advantage however it is not mandatory.

Interested candidates are requested to fax their CV's in complete confidence to Willem Dudok de Wit at Emerging Markets Search & Selection, 12 Masons Avenue, London EC2V 5BT, or to contact him by phone or email for an initial discussion. Tel 0171-600.4744, Fax 0171-600.4717, E:MAIL willem@emss.co.uk

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JUNIOR FX DEALER REQUIRED. THE CANDIDATE MUST SPEAK FLUENT ITALIAN AND HAVE AT LEAST 6 MONTHS EXPERIENCE IN SPOT TRADING.

Please send your CV in confidence to ***Box B5304***, *Financial Times, One Southwark Bridge, London SE1 9HL.*

BEI EIB

Die EIB, das Finanzierungsinstitut der Europäischen Union mit einer Bilanzsumme von mehr als 100 Mrd ECU, sucht derzeit für ihre Direktion für Finanzen in **LUXEMBURG** einen:

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(Deutschland, Österreich, Schweiz und Osteuropa)

Europäische Investitionsbank

Eine Karriere im Herzen Europas.

Aufgabe: Unterstützung des Abteilungsleiters bei Operationen auf den Kapitalmärkten seines Zuständigkeitsbereichs, insbesondere auf folgenden Gebieten: ☐ Vorbereitung und Aushandeln von Emissionsbedingungen für Kapitalmarktoperationen; ☐ Kontakte mit dem Bankensektor in den jeweiligen Ländern bzw. Kapitalmärkten sowie mit den für die Geld- und Währungspolitik zuständigen Stellen; ☐ Beobachtung der Primär- und Sekundärmärkte der betreffenden Länder und Sektoren; ☐ Studien auf entsprechenden Märkten zu Mittelbeschaffungsstrukturen und geeigneten Finanzinstrumenten; ☐ Erstellung von Emissionsunterlagen; ☐ Ausarbeitung von Berichten und Statistiken.

Anforderungen: Hochschulabschluß. Mehrjährige Bankerfahrung im Bereich Kapitalmärkte (Primär- bzw. Sekundärmärkte); Vertrautheit mit mathematischen Aufgabenstellungen und dem Umgang mit EDV. Umfassende Erfahrung mit Zins- und Devisenswaps sowie mit anderen derivativen Instrumenten.

Sprachen: Sehr gute Beherrschung des Deutschen und des Englischen oder Französischen sowie gute Kenntnisse in der anderen Sprache.

Die EIB bietet gute Arbeitsbedingungen, ein attraktives Gehalt und zahlreiche Sozialleistungen. Sie verfolgt eine Politik der Chancengleichheit zwischen Männern und Frauen. Da die EIB bestrebt ist, den Anteil der weiblichen Mitarbeiter in Fachabteilungen zu erhöhen, sind Bewerbungen von Frauen besonders willkommen.

Interessenten, die die Staatsangehörigkeit eines Mitgliedslandes der Europäischen Union besitzen, werden gebeten, ihre auf Englisch oder Französisch abgefaßte Bewerbung zusammen mit einem Lebenslauf und einem Lichtbild unter Angabe der Kennziffer an folgende Anschrift zu richten:

EUROPÄISCHE INVESTITIONSBANK
Abteilung Einstellungen (Ref.: FI/C 9601)
L-2950 LUXEMBURG. Fax: (00352) 4379 2545.

Die Bewerbungen werden streng vertraulich behandelt. Die Unterlagen werden nicht zurückgesandt.

AlliedSignal

Brussels, Belgium

Our client, a major U.S. multinational, AlliedSignal, with 85,000 employees and turnover of US $14 billion is seeking to fill two important positions in the Engineered Material Sector.

FINANCE SYSTEM MANAGER EUROPE

Reporting to the IS & S Director Europe, the successful candidate's mission will be to implement the finance systems. Between 30 to 35 years of age with a university degree, an MBA preferred, fluent English and one other European language; he or she should have 5 to 10 years experience in finance operations, understanding of IS development and implementation state-of-the-art methodologies. An IS project manager with an in-depth knowledge of finance, having implemented systems such as Oracle Financials and/or SAP would also be an acceptable candidate.

MANUFACTURING COST SYSTEM MANAGER EUROPE

Reporting to the IS & S Director Europe, the successful candidate will implement the manufacturing cost systems. Between 30 to 35 years of age with a university degree, an MBA preferred, fluent English and one other European language, he or she should have 5 to 10 years experience in cost accounting, accounts payable and systems such as Datalogix GEMMS (a manufacturing package), BPCS...

The remuneration will be commensurate with the importance of the posts: there are excellent opportunities for advancement. Should you be interested in either of the two positions, please write to Sandra Thierry indicating your relevant skills and profile together with a CV in English including present remuneration package and availability, ERNST & YOUNG GLOBAL CLIENT CONSULTING - Tour Manhattan - 6, Place de l'Iris - Cedex 21 - 92095 Paris-La Défense 2 - FRANCE - Fax 33 - 1 47 62 93 79.

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The Sumitomo Bank, Ltd

Singapore

PROJECT FINANCE TEAM HEAD

As a result of rapidly expanding business opportunities in South East Asia we are looking to recruit a dynamic project finance specialist to head up a recently established team in Singapore.

The successful candidate will be responsible for:–

- providing effective leadership to the team;
- identifying lending and advisory mandates for projects in the region;
- managing successful mandates through to completion.

A minimum of 8 years' project finance experience is essential, as are intellectual strength, initiative, enthusiasm, and well developed interpersonal skills. In addition to English, an Asian language would be useful but not essential.

Remuneration is competitive and will not be a bar to the right candidate.

Please write, enclosing full c.v. in complete confidence to our retained consultants Richard Lyons or Sean Carr of Carr-Lyons Search and Selection Limited.

Astral House, 125-129 Middlesex Street, London E1 7JF, England
Telephone: +44 (0)171-623 4075 Facsimile: +44 (0)171-626 3172

International Manager – Energy Projects

£Excellent Base + Bonus & Car **South Midlands**

Exciting, ground-floor opportunity. Appraise returns from major capital investments in overseas energy projects. Negotiate complex contracts.

THE COMPANY
- Leading energy organisation. High profile, profitable, ambitious. Keen to enhance worldwide market share.
- Change-oriented. Determined to achieve maximum returns from significant resources.
- Newly-created division focusing on international power-project opportunities.

THE POSITION
- Lead tenders and negotiations for investing in overseas power projects. Appraise and structure contracts. Recommend financing options.
- Undertake wide-ranging due diligence. Consider political and environmental issues. Present reports and justify findings to Board.
- Liaise internally and externally to include government ministers, client-management teams and financiers. Appoint sub-contractors.

QUALIFICATIONS
- Background in international project finance or in preparing investment proposals, ideally for overseas power projects.
- Experience in leading negotiations for major contracts. Familiar in liaising with merchant bankers and financiers. Engineering degree advantageous, not prerequisite.
- Strong presenter. Excellent project and time-management skills. Incisive. Credible. Self-motivated. Prepared to travel extensively.

Please send full cv, stating salary, ref BI60304FT, to NBS, Berwick House, 35 Livery Street, Birmingham B3 2PB

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Carl Bro Management a|s

Carl Bro Management a|s is currently expanding its activities within economic planning and financial sector development in Eastern Europe, the C.I.S. and developing countries. In order to meet the increased demand for our services, we seek *co-operation with consultants of European nationality for medium and long-term assignments* in on-going and up-coming projects.

We look for consultants with the following profiles:
Ph.D., Master's Degree or equivalent in economics, finance or management, and a minimum of 10 years postgraduate experience, which should include international development projects, and/or banking experience at high level in one or more of the following disciplines:

Financial Sector
- Financial Management
- Development Banking
- Credit Operation/Credit Risk Management
- Organisational Restructuring
- Venture Capital and Investment Banking
- Accounting and Auditing
- Bank Supervision
- HRD and Training

Economic Planning
- Project Management
- Knowledge of procedures of international donor agencies
- Aid programming, coordination and evaluation
- Sector Planning
- Economics of Transition
- Enterprise Restructuring/Privatisation
- SME Development
- HRD and Training

- Experience in Eastern Europe and C.I.S. countries would be an advantage
- Fluency in English. Working knowledge of Russian, German or French would be an advantage

We offer:
Challenging assignments in an international environment
Competitive remuneration package

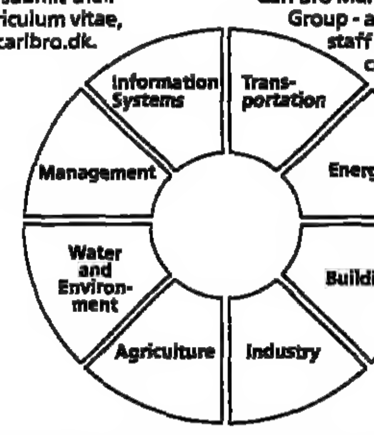
Interested candidates are invited to submit their applications, including detailed curriculum vitae, preferably by e-mail to: mwsman@carlbro.dk.

Carl Bro Management a|s
Department of Economics,
Finance and Social Development
Att.: Fredrik Pitzner-Jørgensen
Granskoven 18
DK-2600 Glostrup
Denmark

Telephone: +45 43 96 22 00
Fax: +45 43 96 08 08

Carl Bro Management a|s

has a staff of about 100, primarily specialists in economics and social sciences, banking and credit, and HRD and *institutional development.*
Carl Bro Management a|s is a member of the Carl Bro Group - an international consulting company with a staff of 2,100. It is a multidisciplinary group of companies undertaking a broad spectrum of assignments in Denmark, Western and Eastern Europe and developing countries.



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Germany **DM Attractive Salary**

Unser Auftraggeber ist ein weltweit operierender Großkonzern der Verpackungsindustrie und zählt in den unterschiedlichen Produktbereichen zu den Weltmarktführern. Eine bereits durchgeführte Konzernumstrukturierung und die damit verbundene Verlagerung der Holding nach Düsseldorf erfordert die Neubesetzung von mehreren Positionen in der Konzernrevision.

Die Aufgabenschwerpunkte sind:
- Neben den klassischen Prüfungen im Finanz- und Rechnungswesen umfaßt der Aufgabenkreis sämtliche Funktionsbereiche, wie z.B. Personalwesen, Produktion, Materialwirtschaft, Vertrieb
- Sicherstellung der Ordnungsmäßigkeit sowie Wirksamkeit der Kontrollsysteme und der funktionalen Effizienz der Geschäftsabläufe
- Aufdecken von Schwachstellen und beratende Begleitung zur Beseitigung erkannter Mängel
- Ansprechpartner für das jeweilige Management und für externe Prüfer

Der/die erfolgreiche Kandidat/in sollte eine abgeschlossene Ausbildung zum MBA, CA, CPA, Diplom-Kaufmann o.ä. mitbringen und 2-5 Jahre Berufserfahrung im europäischen und/oder US-Accounting/Auditing in internationalen WP-Gesellschaften (Big Six) oder in der internen Revision gesammelt haben. Darüber hinaus sind sehr gute deutsche und englische Sprachkenntnisse erforderlich. Weitere Fremdsprachenkenntnisse sind von Vorteil.

Da die Prüfungen weltweit in allen Konzerngesellschaften stattfinden, muß die Bereitschaft zu häufiger Reisetätigkeit (bis zu 75%) vorhanden sein. Die Konzernrevision ist dem Vorstand unterstellt. Sie berichten direkt an den Manager Group Internal Audit.

Interessierte Kandidaten/innen senden ihre aussagefähigen Bewerbungsunterlagen bitte unter Angabe der Referenz *JD/20441* an Herrn Jürgen Dönges, Michael Page Deutschland GmbH, Steinstr. 13, 40212 Düsseldorf Germany, Tel. *(++) 49 211 32 44 55*

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Opportunity to establish a representative office and develop the business long term

SENIOR REPRESENTATIVE - POLISH NATIONAL

WARSAW **£75,000-£125,000 + bonus**

MAJOR INTERNATIONAL INVESTMENT BANK

Our client has a deep understanding of Poland, is highly respected, active and successful in the region and has established relationships with local corporates and banks. The Senior Representative will establish and run the Warsaw office and will be responsible initially for marketing the bank's capability in equity finance and its track record in privatisation to corporates and for developing local relationships. We seek a respected local Polish national with a knowledge of the country's industry, contacts in the top management of corporates, senior businessmen, government etc. and the marketing and communication skills to develop the business long term. The personal standing of the individual in the local community is of greater importance than banking experience and there will be a period of training in London as well as full support from banking specialists. Initial remuneration is negotiable in relation to experience.
Applications in strict confidence under reference SRPN5431/FT to the Managing Director, CJA.
Fax: 44 171 256 8501 Email: cjagroup@online.rednet.co.uk

European Bank for Reconstruction and Development

The European Bank has a unique challenge: to assist the countries of central and eastern Europe and the former USSR in their transition to market economies. The European Bank supports projects through lending, taking equity positions and providing technical assistance.

The Banking Department focuses on the development of the private sector, restructuring and privatisation of the state assets, creation and strengthening of financial institutions, development and rehabilitation of infrastructure necessary for private sector development and improvement of the environment including actions to improve nuclear safety.

Along with a competitive compensation and relocation package, we offer action and achievement in a truly historical enterprise. Assignments to the Bank's resident offices may also be considered.

For the Bank's Resident Office in Tirana, Albania we need a:

Resident Representative

Responsibilities: ☐ Promote actively the Bank's financial services to enterprises and banks operating in the country, implement and monitor ongoing projects; ☐ Develop and maintain close good client relationships with senior government officials, IFI's, development institutions, leading public and private enterprises and banks; ☐ Analyse and provide information on developments in both the public and private sectors to identify and prepare sound investment projects; ☐ Assist visiting bankers from London Headquarters with their projects; ☐ Manage Resident Office, administer the budget, hire, supervise and evaluate the local staff.

The Resident Representative reports to the Country Team Leader.

Requirements: ☐ Degree from a leading university, preferably MBA, Finance or Economics; ☐ Minimum 10 years relevant experience in banking, financial and development institutions, consulting firms and industrial enterprises. Overseas experience appreciated; ☐ Basic understanding of public or private sector projects; ☐ Experience and skills to negotiate with senior government officials and top management of private/public enterprises; ☐ Problem solver, team worker, sound business judgement; ☐ Ability to manage and motivate a multinational team, and to work in a matrix structure; ☐ Fluency in oral and written English essential. Working knowledge of Italian appreciated.

To apply, please write in English quoting reference number FT962 to: Mr Ernst Maher, Personnel Department, European Bank for Reconstruction and Development, One Exchange Square, London EC2A 2EH.

All applications will be acknowledged. Please help by not telephoning.

TAKE PRECISE AIM

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CASPIAN
Global Emerging Markets

EXPERIENCED INVESTMENT BANKERS

Caspian, the recently established emerging markets investment group, provides a wide range of investment banking, asset management, research and securities services through offices around the world. The group is expanding its investment banking team in London to cover countries in emerging Europe, South East Asia and the Indian sub-continent. Caspian requires investment bankers with established track records and experience in these regions to form a core business group in London.

The Role
- We require team players with commercial acumen who are able to initiate business from a wide range of clients and develop, execute and close deals.
- Transactions will include equity and equity-linked capital raising, mergers and acquisitions, privatisations, corporate restructuring and direct investment advisory.
- Demands a profound understanding of the relevant cultural and commercial environment, gained through at least two years' direct involvement in the area.

The Candidates
- High calibre, dynamic self-starters with at least 5 years' relevant experience gained at a blue chip investment bank, a top 6 accountancy practice or a management consultancy.
- First class financial modelling and analytical skills are required, with financial restructuring and strategic consulting experience also desirable.
- MBA or ACA
- Excellent interpersonal skills and the ability to communicate effectively across cultures.
- Strong skills in one of the regional languages plus another European language in addition to fluent English.

Interested candidates should forward a detailed CV and covering letter to:
Miss Tracey Causer, Caspian Securities, 199 Bishopsgate, London EC2M 3TY

STEEL TRADING - LONDON - WITH INTERNATIONAL PROSPECTS

This progressive major international group is a market leader in Steel Production. The rapidly growing Steel Trading, London based, subsidiary has a continuing programme of *strategic business development in which* investment in the right people plays a crucial role. They are committed to providing the highest quality of service and have an enviable reputation for innovation supported by the considerable financial strength of the Group. Their is a unique business culture, which is highly charged and intellectually stimulating, based on personal contribution.

We are seeking those individuals with first-class trading skills and a high degree of personal commitment and energy. The right people will play a key role in expanding the existing successful trading arm, and in supporting strategic business plans to the year 2000 and beyond. This is your opportunity to join an exciting company developing and exploiting opportunities in the international steel trading area.

These opportunities within a blue-chip global company offer tremendous scope for rapid personal career progression in the UK and overseas. For those individuals who thrive on personal challenge the rewards are considerable and reflect the importance of these appointments with excellent salaries and substantial bonuses on offer. This is the opportunity of a lifetime to join an organisation with a real vision of the future of which you could be a part.

SENIOR STEEL TRADERS

£40,000 - £60,000 **Plus Substantial Bonus**

- As an important member of the management team, contributing to the definition of new strategy.
- Create and manage dealing opportunities to develop long term business potential.
- Lead and direct a steel trading section, with the option to monitor and support activities of more junior traders.

You will need 7/10 years' experience as a Steel Trader and be totally familiar with *the steel industry, it's customers and suppliers.* With demonstrable management experience and a thorough knowledge of traffic management, you will show well-developed inter-personal skills and be used to gaining respect at senior level. Above all, you will have an impressive track record as a deal maker. *Ref: HSS/16477/FT*

STEEL TRADERS

£20,000 - £40,000 **Plus Attractive Bonus**

- Proactively seek opportunities to expand customer base and sales network.
- Help to identify and develop new sources of supply for steel products.
- Through a high quality of business processing ensure that all contracted deals reach a satisfactory conclusion.

Ideally you will have been in the steel trading business for 3/6 years and be seeking to make a significant impact in the international market place. Complete familiarity with export and import procedures and practices would be ideal; accompanied by the confidence and authority to *take advantage of* exciting trading opportunities. Most of all, your real commercial flair and strong negotiating skills will be accompanied by driving energy to constantly produce results. *Ref: HSS/16479/FT*

Hoggett Bowers
EXECUTIVE SEARCH & SELECTION
HLI PSD GROUP

Interested candidates should telephone Simon Stephenson or Jeanne Bramley in confidence, at Hoggett Bowers on 0171 430 9000 during working hours or, alternatively, contact them at home on 01722 790254 or 0181 874 6506. You may send, or fax, a CV to 7-9 Bream's Buildings, Chancery Lane, London EC4A 1DY. Fax: 0171 405 5995, quoting the appropriate reference number.

VP HEAD OF FUTURES OPERATIONS

CITY £EXCELLENT

Our client is the futures broking arm of a major European Bank.

With diversification of its product range and continued volume growth, it has been decided that a new position, that of VP-Head of Operations, be created to ensure continued stability and efficiency combined with *growth within the company.*

Responsibilities of the position would include:

- Overseeing the daily operations of the clearing, customer service and Treasury Departments;
- Provision of hands-on support to all these areas;
- Overall responsibility of all middle and back office operations;

The successful candidate must be familiar with all exchange traded transactions on the local markets such as LIFFE, LME, IPE, etc. Additional experience in Foreign markets such as the MATIF, CME and CBOT would *be beneficial. A good understanding of the delivery process and expirations is essential.*

The successful candidate will have 10 years experience in operations, with at least 5 years exposure to futures: proven management experience is essential.

In addition, he or she must have systems and IT skills since there will be a requirement to interface with systems support staff in projects which entail automating and/or report design to facilitate productivity improvements in all these areas.

Undoubtedly the candidate must have the ability to work in a fast growing environment, and have a good educational background (including degree); foreign *languages would be helpful.*

The successful candidate would also become a member of the management committee of the branch.

Interested candidates should contact Adrian Mallett or Andrew Wallace on 0171 915 8780 or write/fax enclosing CV to them at: 25 Bedford Street, London, WC2E 9HP. Fax: 0171 915 8714. Internet: adrian.mallett@rwa.co.uk

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LEADING MONEYBROKER

based in London has a vacancy for an experienced broker to work within our Interest Rate Division. Applicants will be fluent in both Japanese and English and familiar with Japanese business practice and culture. In return we offer competitive remuneration and benefits. Please apply in writing enclosing your current CV to

Mrs G Pearton,
MW Marshall (Financial Services) Ltd.,
Lloyds Chambers, 1 Portsoken Street, London E1 8DF.

BZW Barclays Global Investors

A UK and Europe wide brief for experienced marketing professionals

City

BZW Barclays Global Investors came into being on 29 December 1995 when Barclays PLC acquired Wells Fargo Nikko Investment Advisors (WFNIA). The Quantitative Division of BZW Asset Management was combined with WFNIA to create one of the largest investment management groups in the world with total assets under management totalling some £170 billion. In 1995, 143 new clients were added and new assets totalled £7,368 million.

As a result of continuing business growth, the Group is seeking to appoint two additional marketing executives to join its well established and highly successfully marketing team.

UK Business Development Manager

QUANTITATIVE INVESTMENT MANAGEMENT

The Role
You will be responsible for co-ordinating and completing questionnaires and for dealing with new business proposals in conjunction with the marketing support team. In consultation with the Director you will be required to decide upon the appropriate response to incoming enquiries. You will also support the Business Development Director in maintaining existing relationships with consultants and pension funds and in developing new relationships. Ultimately you will participate in new business presentations.

Qualifications
You will have had at least three years experience in the marketing/business development team of a major investment management company. You will be experienced in the principles and practices of investment management, and an understanding of quantitative investment management would be a major advantage. You will be a graduate with a high level of literacy and numeracy. You will be highly motivated, a self starter, flexible, friendly and outgoing.

Continental European Business Development Director

QUANTITATIVE INVESTMENT MANAGEMENT

The Role
As part of a team of six, you will be responsible for developing and implementing a marketing strategy for continental Europe with a specific focus on Switzerland, Scandinavia, Germany and other markets as appropriate. Once strategy has been approved you will proceed with implementation through direct sales calls and other appropriate marketing activities. Within the first year you will spend at least four weeks in the San Francisco office developing product knowledge. Ultimately you will develop a business development team focusing on continental Europe.

Qualifications
You will have a proven track record of success in selling investment management products to major institutions across Europe. You will have an in-depth knowledge of the securities markets and preferably a good understanding of process-driven, quantitative investment techniques. You will probably be a graduate, possess excellent communication skills – both verbally and in writing and be fluent in a second European language, preferably French or German.

Highly competitive salaries and discretionary, performance related bonuses are offered for both positions together with generous benefits packages. Prospects for successful and ambitious individuals are excellent.

Applications should be sent by letter or fax with an indication of current salary to our retained consultants, KW Selection, 140 Park Lane, London W1Y 3AA, fax number 0171-355 1521, quoting reference CI/6028/2.

INTERNATIONAL BIMAS CO-ORDINATOR

£23,000 + Banking Benefits

A US bank is looking for a data processing and communications co-ordinator to implement and organise the BIMAS 'Help Desk' and provide the initial technical support and problem analysis function. The candidate should be confident of a thorough knowledge of BIMAS, data processing and communications environments encountered in an active, multi-product service organisation with an understanding of bank operations ie. accounting, administration and audit requirements. Assistance will be required for the installation of BIMAS and new applications and to provide operations and user personnel with training where required. It is important that you possess the ability to work closely with a team, not necessarily at the same location and are able to communicate with all levels of personnel. Applicants should apply *no later than 31st* March 1996 to **Shepherd Little & Associates Limited, Cleary Court, 21/23 St Swithin's Lane, London EC4N 8AD.**

Head of Research - based Far East

Our client, a blue chip global securities and investment banking group, is expanding their equity research operation throughout Asia. Applicants should have at least five years experience producing equity research within a reputable securities firm, will ideally be a rated analyst, in their late twenties to late thirties and have either managed a research team or be able to demonstrate strong management skills. A very attractive compensation package will be offered to the successful candidate.

In addition, our client is seeking to recruit strong equity research analysts to be based in either *Hong Kong, Singapore, Thailand, Malaysia, Indonesia* and India.

All applications will be treated in strict confidence and details not released to our client without prior approval. Interested applicants should reply by either telephone or facsimile to the following:

Simon J. Watesson at Watesson Link Limited, Hong Kong on telephone (852) 2530 2339 or facsimile (852) 2530 3734.

CITY GRADUATES CITY EXPERIENCED

Positions within long established partnership for new to market graduates and experienced City players. For confidential discussions, call:

John Kilburn-Toppin 0171 240 4942 or Richard Allen 0171 379 5044

INTERNATIONAL SALES ADMINISTRATOR

INVESTMENT MANAGEMENT

to £30,000

If you are committed to pursuing a successful career in investment management then this major fund manager, a world leader, offers a challenging opportunity as Assistant to the Head of International Sales & Marketing. The key area of responsibility will centre on providing first class tailored responses to new business and consultant questionnaires from major institutions outside the UK. The individual will also help build standards of quality and professionalism and assist in their maintenance globally.

This demanding position, requiring meticulous attention to detail and excellent verbal and written communication skills, calls for a *self starter capable of working on his/her own initiative.* Candidates, ideally arts graduates, are likely to be in their mid 20's with a minimum of 2 years' experience in financial services.

If you feel you have the necessary skills and abilities to fulfil this demanding role please write, enclosing full CV, to Elizabeth Williamson

Fax	Cleary Court, 21-23 St. Swithin's Lane	Telephone
0171-626 9400	London EC4N 8AD	0171-626 1161
	Financial Recruitment Consultants	

SHEPHERD LITTLE

Bank of Ireland
Asset Management

SINCE ITS FOUNDATION IN 1966, BANK OF IRELAND ASSET MANAGEMENT (BIAM) HAS GROWN A GLOBAL BUSINESS WITH A PROVEN TRACK RECORD OF OUTSTANDING LONG TERM INVESTMENT PERFORMANCE.

FUNDS UNDER MANAGEMENT WORLD-WIDE ARE APPROXIMATELY £10BN.

BIAM MANAGES GLOBAL SECURITIES FOR A BROAD RANGE OF CLIENTS IN IRELAND, THE US, CANADA, THE UK, GERMANY, AUSTRALIA AND SOUTH AFRICA.

Manager
client services

Due to the continuous growth of our business, this exciting opportunity has arisen to join our London based team.

This demanding position will appeal to a high calibre individual, ideally in the 28-35 age group, with a minimum of 5 years experience in client servicing within the fund management industry. The successful candidate will provide a professional service to institutional clients and high net worth individuals, and will also be involved in the development of new business through existing and new customers.

Strong communication skills, a thorough understanding of domestic and international markets, dedication to service excellence and the ability to work effectively as a team player are essential pre-requisites.

Our salary and benefits package, which is performance driven, is extremely competitive and is designed to be flexible enough to attract first class individuals.

Interested candidates should write, enclosing a detailed curriculum vitae to:

The Personnel Manager
Bank of Ireland Asset Management (UK) Limited
36 Queen Street
London EC4R 1BN

Closing date for receipt of applications is 4th April.

Bank of Ireland Group

London • Excellent Package

Client Liaison

Our client an established Ring Dealer seeks an experienced Client Liaison Officer with experience of base metals trading in the Far East and South America.

It is imperative that the successful candidate speaks both Mandarin and Spanish fluently and has a successful track record of trading in the relevant areas.

A competitive emuneration package is on offer.

Please contact ay Wallhead
Rochester Partnrship Limited
No7 St Helen's lace
London EC3A 6AU

Rochester Partnership Ltd, 7 St Helen's Place, EC3A 6AU, London
Tel 0171 256 9000 Fax 0171 256 9111

ROCHESTER

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appears in the UK edition every Wednesday & Thursday and in the International edition every Friday
For further information please call:
Andrew Skarzynski on +44 0171 873 4054
Toby Finden-Crofts on +44 0171 873 4027

Leading US based Investmen Bank *is seeking highly* motivated career oriented indiiduals with experienc in finance and operations for new enture in Dublin, Ireland. *Qualified candidates must posses* related financial services experience with complex financiaproducts.

CONTROILER:
Requires ACA/CPA and 7-10 yers of experience with the maintenance of books and recors, preparation of financial statements and liaison with internal ad external auditors.

REGULATORY ACCOUITING MANAGER:
Requires an accounting degree and 6 years experience with EU banking regulations.

SENIOR ACCOINTANT:
Requires an accounting degree an 1-3 years experience with general ledger, payables, receivales, payroll, and financial reporting.

INTERNAL AUDITMANAGER:
Requires ACA/CPA and 5 years perience with review of trading, credit, accounting and regulory functions.

OPERATIONS:
Manager requires 8 plus years perations management experience. Staff positions require 2plus years experience. All candidates must possess experiens with trade processing, international settlements, cred, documentation and reconciliations.

TRADE SUPPORT:
Requires 5-7 years experience wh bank documentation. Computer literacy a must.

RISK MANAGER:
Requires trading experience, strong coputer skills and ability to review all risk, credit, accounting and gulatory functions.

We offer a competitive salary and ecellent benefits package. Please send your resume and salary hiory to:

Financial Ties
Box # A531
Number One Southwark Bridge
SE1 9HL

APPOINTMENTS WANTED

EURO-FUNDED EXECUTIVES FOR HIRE!

A dynamic group of high profile executives currently attending a European Management Programme in Paris, urgently seek short-term internships in UK companies.
Former managers in their own right and displaying a wealth of business experience, their short-term unpaid placements would be ideal for companies with cost effective European expansion in mind.
For further details, please contact

Dr. Dermot Curley on Christian Rolke or: 0181 983 3363.

ACCOUNTANCY APPOINTMENTS

Group Treasury Manager
International Conglomerate

London ***Package c£65,000***

Our client is an international manufacturing Group with operations in the UK, US, South Africa and the Pacific Rim.

Substantial growth and profit has been achieved over recent years through a strong acquisition strategy; this has created the need for a new Treasury professional to join the high calibre Head Office finance team.

The Group Treasury Manager will be responsible for the development and implementation of policies relating to international cash management, control of interest and foreign exchange risks. Responsibilities will additionally include cross border funding, fund raising strategies and co-ordination of worldwide banking relationships and subsidiary Treasury requirements.

The successful candidate is likely to be a graduate Chartered Accountant and/or ACT qualified and will have a minimum of three years Treasury management experience gained within a blue chip or international corporate environment.

In addition to excellent presentation and communication skills you will be proactive and capable of devising pragmatic solutions to Treasury issues. You will be a sound team player, outgoing and committed to developing your career within a fast track and progressive organisation.

This is an outstanding opportunity providing significant exposure to senior management and will result in excellent career progression.

For further information in the strictest confidence, contact Raj Munde or Caroline Ford on 0171 240 1040. Alternatively, fax your résumé on 0171 240 1052 quoting reference number 2054/09 to Morgan & Banks Plc, Brettenham House, Lancaster Place, London WC2E 7EN.

Morgan & Banks
INTERNATIONAL

YOUNG QUALIFIED ACCOUNTANT
INVESTMENT MANAGEMENT

Capital International Limited is a subsidiary of the Capital Group Companies Inc., Los Angeles, one of the world's largest investment management organisations. Due to our rapid expansion we are seeking to strengthen our European operations by appointing a young qualified accoutant.

As a key member of a small team your ongoing priorities wi be to:

- Lead specific projects aimed at increasing efficiency acros all operational departments.
- To review and refine existing control procedures and idetify potential problem areas.

The position will be based in London initially, possibly followed by a secondment to our Geneva office.

Candidates must be ACA or CIMA qualified, ideally a seniorexperienced senior in an international public accounting company, with exerience in the financial sector. The creativity to take initiatives towards cuent practices, and a strong client service orientation, particularly in the contt of a multinational organisation, will both be essential.

To apply, please send a CV and covering letter to
Capital International Ltd, Ref: AHF, 25 Bedford Street, Londo. WC2E 9HN

Finance Director

BASED MOSCOW **SIGNIFICANT SIX FIGURE PACKAGE**

THE COMPANY
Telecommunications is one of the largest growth sectors currently in the region. Our International client is a long distance telephone company licensed to operate within the Former Soviet Union. They are primarily a satellite based company involved in switching, trunking and private network business with current operations in numerous cities and headquartered in Moscow. A joint venture has been established between our client and two local companies with significant levels of investment and the planned future growth demonstrates the commitment to the region. The company is now looking to recruit a Finance Director as an integral part of these growth plans

THE ROLE
The Finance Director will be responsible for managing the Accounting/Finance function within the company and its subsidiaries Reporting to the Chief Finance Officer you will be involved in the strategic planning and be required to:

- Design, implement and manage (post implementation) accounting systems.
- Work according to Russian laws relating to taxation, currency, employment and statutory accounting
- Manage the finance team responsible for the internal control and auditing function.
- Work in a multi-lingual, multi-currency, multi-location environment

THE PERSON
Our client is a customer driven organisation and provides first class service in a fiercely competitive environment. To sustain this reputation and performance they require a high calibre individual
The following credentials are essential

- Western Accounting qualification
- Ideally at least 10 years' Commercial or Public practice experience
- Knowledge of Scala will be especially useful
- Fluency in English and a minimum of conversational Russian with an intention to become fluent
- Resilience, tenacity, energy and ability to work in a multi-cultural East/West European environment.
- Experience gained in Telecoms, service or high-tech industry.
- Dynamic personality with excellent communications skills.
- Results oriented problem solver.

Please send a full resume with covering letter quoting ref. FT2837 to:
Alice Court, 116 Putney Bridge Road, London SW15 2NQ Tel. +44 (0) 181 874 2744 Fax +44 (0) 181 871 2211
ANTAL MOSCOW: *Moscow 121170, PO Box 79, Tel +7502 222 1468 Fax +7502 222 1467*
All applications will be treated in the strictest confidence

ANTAL INTERNATIONAL
'Serving New Europe'

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Group Finance Director

Major plc

Excellent Package **Northern Ireland**

Challenging role to run the finance function of a major plc in a regio now seeking increased economic activity and new investment.

THE COMPANY
- Leading industrial services provider. Turnover c.£500m, pre-tax profits in excess of £80m.
- Capital intensive group with successful growth record.

THE POSITION
Reporting to the Chief Executive for
- Direction and management of all aspects of financial management, including investor relations, financial and management accounts, business planning, treasury and tax.
- Responsible for group IS, internal audit, company secretariat, purchasing of materials and other corporate services.
- Liaise with City and develop standing with investor community.
- Provide significant contribution to stratgic direction of the company.

QUALIFICATIONS
- Graduate qualified accountant with prove success in senior financial management in a leadir industrial company and with strong commercial expence.
- Public company experience essential.
- Strong leader and team player with intellec
- Bottom-line focused.

Please send full cv, stating salary, ref BR603A1, to NBS, 37 Queen Square, Bristol BS1 4QS
Closing date for applications April 12th 1996

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a BNB Resources plc company

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Western Atlas Logging Services,

a division of Western Atlas International, a leading international company in the oil field service industry, is seekir a dynamic individual, aged 22-30 to fulfill the role of a Trainee Controller. A finance or accounting background with auditing eerience is preferred. Should be computer literate, willing to travel and open to relocation abroad (single status) in the futur Foreign language skills preferred. For details please contact
Brad Greve at 0181-585-4634.

APPOINTMENTS ADVERTISING
appears in the UK edition every Wednesday & Thursday and in the International edition every Friday
For further information please call Robert Hunt on +44 0171 4095

هكذا من الأصل

Chief Financial Officer – France

World Leading Software Products and Services

Package to c.550,000ff **Paris**

Our client is one of the largest software companies in the world, providing top quality products and services for each of its major markets, which include electronic commerce, applications management and systems management. With worldwide revenues of $500 million the Company is enjoying significant profitability. Its International division now requires a Chief Financial Officer for its French operation. Reporting to the President-France and VP Finance International, your responsibilities will include:

- Overseeing accounting, financial controls and systems throughout the Company.
- Preparation of budgets with emphasis on balance sheets and cash flow forecasting.
- Involvement in the planning and implementation of all aspects of Business Development and Sales and Marketing.
- Providing a strategic approach to management and financial information identifying key areas of focus.
- Being instrumental in all contract negotiations.

Candidates will be graduate calibre accountants with at least 7-10 years PQE gained with a US subsidiary or European multinational. Given the highly commercial focus of this position, they will display considerable business acumen and entrepreneurship and be able to operate in a highly decentralised, profit driven and incentivised environment. This is a challenging and demanding role which will require a grasp of day to day management as well as the ability to make a significant contribution, at a strategic level, to the performance and profitability of the company. Fluent English and French is essential.

Salary is negotiable and will reflect the seniority of the position. Assistance with relocation will also be available if required.

If you believe you have the necessary attributes and dynamism for this unique role then please send an up to date Curriculum Vitae, along with your current salary details to the advising consultants, Jonathan Kidd or Lisa Powell at Harvey Nash Plc., 13 Bruton Street, London W1X 7AH (Tel: 0171-333 0033) quoting reference number HNF133FT.

Also apply via http://taps.com/Harvey_Nash

HARVEY NASH PLC

Manager – Financial Planning and Development

Treasury and Asset & Liability Management

£30-35,000 + Benefits **City**

Our client has enjoyed a distinctive presence in UK retail banking for a century or more. It has a tradition of, and a commitment to, continually innovating and improving customer service. With a record 55% increase in profitability for 1994, it is well positioned for the future. Its Treasury Group now requires a high calibre individual to join as Manager Financial Planning and Development. Reporting to the Financial Controller, Treasury, your responsibilities will include:

- Implementation and management of structured financial planning and forecasting processes in support of Treasury and Asset & Liability Management activities.
- Provision of advanced analytical skills to support development of key business initiatives.
- Management and development of the accounting processes and systems which support management, product and statutory accounting.
- Development and implementation of reporting enhancements by use of core and peripheral systems.

Suitable candidates will be graduates in a business or computer systems discipline and possess an accountancy qualification. They will enjoy considerable Treasury and capital markets product knowledge and have the associated accounting, financial planning and forecasting capability. The position also requires advanced IT skills using mainframe and P/C applications. You will also display the necessary project management, interpersonal and business skills necessary for a postion of this scope. This is a significant challenge requiring hybrid skills.

If you believe you have the required expertise and drive, then please write enclosing an up-to-date Curriculum Vitae, including daytime telephone number and salary details to the advising consultants, Jonathan Kidd or Lisa Powell, at Harvey Nash Plc, 13 Bruton Street, London W1X 7AH (Tel: 0171-333 0033 Fax: 0171-333 0032) HNF132FT. Also apply via http://taps.com/Harvey_Nash

HARVEY NASH PLC

...a rare and exciting opportunity to join a market leader poised for flotation...

Deputy to CFO Europe

West London **Package c £75,000 plus + Benefits**

The Company

Since its foundation in 1988, our client has developed into an extremely dynamic and fast growing entity.

Their business is the provision of solutions to complex business problems by the exploitation of technology. Their customers are recognised leaders in their own business sectors and increased competitive advantage is the goal of all parties to the strategic alliances formed.

Their culture is fast moving, demanding, highly exciting, open minded and supportive. Initiative is expected and rewarded. Their people are encouraged to originate and contribute ideas without recourse to formal structures.

Europe is key to their business and will continue to grow as a significant part of the emerging global business community.

The Role

Current business levels are expected to double over the next 18-24 months given recent expansion into additional European countries and the Asia/Pacific regions. Travel within these markets will be a pre-requisite. A fundamental purpose of this role therefore is to strengthen the finance support available to the business units. This will involve further re-engineering of the European Finance Function and the enhancement of customer focus. Significant proactive and commercial input to the account management teams will be expected. Acquisitions and joint ventures will require assistance. The honing of best practice in reporting, treasury and corporate affairs will be a key task. Responsibility for technical finance and accounting will rest within your team. This is a high profile position both demanding and fascinating in its content and scope. Seldom does such an outstanding opportunity arise to contribute to a company at a crucial stage of its corporate development and to enjoy the career enhancement provided by its visibility.

The Candidate

Aged 35-40, and seasoned in the complexities of a multinational corporate, the successful candidate will most likely have qualified ACA with a major practice. Financial and management reporting will be the foundation of your skills, and you will be fully conversant with US GAAP and SEC requirements. US listed reporting would be a distinct advantage. You should have additional proven skills in both treasury and tax management.

Your commercial acumen will be evident and you will be confident of your presentational and interpersonal skills. Colleagues at all levels will respect your professionalism, personal qualities and your ability to guide and enlighten on technical issues in a style which business managers will easily comprehend.

You will be at ease in any European culture and a level of ability in French and German would be an advantage.

Applicants should forward a comprehensive CV, quoting reference 278776 to Richard Wilson, Executive Selection Division, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds Maidenhead Manchester Nottingham St Albans & Worldwide

FINANCE DIRECTOR

European, Strategic Contribution

East Anglia

To £70,000, Car, Bonus, Options

Our client, a profitable and expanding division of a major UK plc, is a market leader with operating subsidiaries based throughout Europe. They seek to appoint a Finance Director who, working closely with the Managing Director, will have substantial impact on divisional strategy and development. Key elements of the role will be:

- As a member of the European management team, making a commercial and strategic contribution to continued profits growth.
- Taking responsibility for all aspects of financial and operational control and reporting as well as systems development.
- Maintaining an effective interface with Corporate Headquarters, representing the division at Main Board level and liaising on statutory, tax, treasury and legal matters.
- Continually evolving organisational structures and procedures to provide a sound framework for significant further organic and acquisitive expansion.

Candidates will be graduate, qualified accountants with a proven track record of senior management achievement gained in an international multi site environment. Previous experience of distribution or logistics is preferable but not vital. Strong technical ability as well as excellent management and communication skills are essential. An overriding requirement however, is clear business vision and commercial credibility at the most senior levels. Fluency in a second European language would be an advantage.

Interested candidates should write with full CV, quoting current rewards package, to Karen Wilson or Mark Hurley, Hoggett Bowers, 7-9 Bream's Buildings, Chancery Lane, London EC4A 1DY. Tel: 0171 430 9000. Fax: 0171 405 5995 quoting ref: HMH/16689/FT.

Hoggett Bowers
EXECUTIVE SEARCH & SELECTION

THE PSD GROUP

European Finance Director

LEADING U.S. HIGH TECHNOLOGY MULTI-NATIONAL

Very Attractive Package **Based U.K. or Germany**

The Parametric Technology Group of companies is the world's leading provider of mechanical CAD/CAM/CAE software with worldwide revenue in excess of $500M and European revenue in excess of $150M, with 14 subsidiaries in Western Europe providing sales support and software development.

We offer an exciting opportunity for an experienced finance executive to become actively involved in the European Operations, working closely with the sales management team in Europe and directing our European financial team. Your responsibility will be heavily focused on strategic issues which will drive business success, your overall goal will be to enhance the level of support provided to European operations.

Other Responsibilities

- Directing and guiding the efforts of European regional controllers.
- Negotiating end-user contracts and license agreements in conjunction with sales management.
- Developing strategies to enhance sales force productivity and support.
- Developing an information systems strategy to meet the needs of the European operation.

Qualifications

- 5+ years U.S. high tech multi-national experience.
- Knowledge of European and U.S. accounting principles and practices.
- Experience in European contracts and license agreements.
- Experience with business information systems.
- Ability to speak German and/or French a plus.

Please send your CV to: Gayle Yeandle, Human Resources, Parametric Technology (UK) Limited, Technology House, Bracknell Beeches, Bracknell, Berkshire RG12 7BW.

PARAMETRIC TECHNOLOGY CORPORATION

Group Financial Controller

London c.£55,000 + Excellent Benefits

This rapidly expanding and highly profitable British Group has forged a market-leading position within the competitive and sophisticated global high technology industry. Continued growth, coupled with diversification, dictates the need to appoint a well qualified accountant as Group Financial Controller.

The broad remit is to optimise the Group's financial resources while ensuring effective reporting lines to support business strategy. Knowledge and experience of US accounting practices, computerised systems and the ability to negotiate with the Group's bankers is required.

This position demands an outstanding and persuasive individual who can combine technical competence with imagination, has well developed commercial instincts and above all the determination to achieve agreed business objectives. A minimum of 10 years' post-qualification experience, some of which should have been spent at management level in a commercial organisation, is sought.

In return, you will enjoy an excellent salary and benefits package while working in a dynamic, friendly and utterly professional environment. *Salary will not be a limiting factor for the right candidate.*

Write to Patrick Donnelly, with full CV including contact telephone numbers and salary details, quoting reference FT/135.

PD Consultants
MANAGEMENT · SELECTION
23 Durlston Road, Kingston-Upon-Thames, Surrey KT2 5RR.

A leading international group, operating the world's largest international data network, offering seamless telecommunications services to airlines, businesses and organizations in over 220 countries and territories, is looking for high-potential

Operational auditors

BASED IN BRUSSELS

Within a high growth, multi-national context, he/she will participate in the effort to optimize resource utilization, processes and organizational effectiveness through :

- The conduct of studies and operational audits in all group companies and branches, with a view to identifying areas of possible changes/improvements, including the estimated economic consequences.
- The communication of results of studies up to senior management level and obtaining the acceptance of local management for implementing the changes.
- Follow-up the implementation of changes required.

Candidate profile :

- Aged 30 to 35, preferably a graduate in Telecommunications or Computer Science Engineering, complemented with a degree in Finance and Business Administration.
- At least 3 to 5 years' working experience as a management consultant in an international consulting firm.
- A good knowledge and understanding of the operational and technical environment of the telecommunications industry.
- Substantial experience in performance of efficiency studies and productivity analyses.
- Good communication and problem-solving skills.
- Fluency in English is required, as well as willingness to travel.

Please send, in total confidence, your application including a complete CV and salary details to SITA - 112 Avenue Charles De Gaulle - 92522 Neuilly sur Seine, France stating the reference n° OA/FT

SITA

MEDIAPA

FINANCIAL CONTROLLERS HONG KONG

EXCELLENT PACKAGE & BENEFITS

Our Client is a leading marketing, distribution and manufacturing organisation operating in Hong Kong, China and Europe. Growth and expansion demands that we now recruit a number of Financial Controllers who would be given the opportunity for career enhancement leading to Financial Director status.

Reporting to the Executive Director, the position demands a formally trained leading accountant with long term practical and hands on experience across the whole spectrum of accounting disciplines. Good analytical skills and the gift of being able to grasp the total picture are essential. You will also have good communication and administration skills to enable you to lead by example.

Located most probably in Hong Kong, but certainly outside the UK, an excellent salary package is being offered. This is an exceptional opportunity to develop a career in a highly successful group of companies listed on the Hong Kong Stock Exchange.

Send full CV in a sealed inner envelope stating clearly any companies to whom you do not wish your details to be passed.

Marwood Kane Limited, Dept FT/03/96, Cavendish house, Cavendish Avenue, New Malden, Surrey KT3 6QQ

FINANCIAL CONTROLLER $80,000 US

For manufacturing plant of major U.S. Corporation. Classical controllership responsibilities include standard & cost accounting, administration and reports to U.S. parent. Some exp. with Mergers & Acquisitions. FLUENT FRENCH /ENGLISH. Free to relocate. Send resume to Recruiter 15545 Ventura Blvd. #165, Sherman Oaks, CA 91403 or Fax 818-981-6505

Price Waterhouse

EXECUTIVE SEARCH & SELECTION

Financial Controller

A player to watch in retail financial services seeks someone who knows their FSA from their ICA

c.£50,000 package   Reading, Berks

This could be the making of you . . .

You know you're capable of more than you're doing at present. You're confident of your technical ability. You've managed – possibly even transformed – a team of good professionals. You've shown an interest in matters outside 'normal' finance. Now you want a role where you can learn more and develop into a fully rounded finance professional. You want to demonstrate: that you can develop a function and realise its full potential; that you can take full responsibility for day-to-day control; and that you can make a real contribution to the wider success of a UK operation.

Well, here's your chance . . .

As one of our key managers immediately below Board level, you will manage a team of 10, and work closely with our Finance Director to re-engineer the contribution that finance makes to our business. In addition to day-to-day accounting and taxation responsibilities, we want you to grab hold of a series of ad hoc analytical and modelling projects, working closely with managers from other disciplines.

Who are we?

A key UK subsidiary of a major European financial services group with sold blue chip backing. Our balance sheet exceeds *£3 billion* and we have remained profitable throughout the recession in a highly competitive market. With a reputation for identifying and exploiting niche markets and pioneering new products, we're seen to be quick on our feet and innovative, with leading edge technical support.

Who are you?

Almost certainly working in retail financial services with a good understanding of the regulatory environment in which we work. You're IT literate, a qualified accountant, probably chartered, and your technical knowledge embraces tax and VAT. You have had staff-management responsibilities and you can demonstrate some real input *to commercial decisions. Your personal style is* professional, honest, clear and direct; you are a skilled communicator and debator, able to make and take constructive criticism; and most importantly, you have the potential to go a lot further – peaking early is not on your agenda!

Next step

Convince us you have that potential; tell us how you meet the profile we're looking for; and highlight the synergies *with your own experience/aspirations.* Write to our advising consultant, Mark Hartshorne, quoting reference D/0079 with your case for the role plus a full CV and remuneration details.

Executive Search & Selection,
Price Waterhouse,
No 1 London Bridge,
London SE1 9QL.
Fax: 0171-403 5265.
E-mail: Mark_Hartshorne@Europe.notes.pw.com

Financial Controller

West End - Marketing   To £45,000 + car

Our client is an extremely successful and fast growing privately owned marketing consultancy which has been established in excess of ten years and has a reputation for performing as one of the top consultancies within its field. Household named companies form a blue chip client base throughout differing sectors, both UK and overseas, with current t/o c£4m.

The business now seeks to strengthen its management team by the appointment of a Financial Controller who will report to the Board. This significant new role will be *responsible for the production of all accounting information but will have strong emphasis* in upgrading and providing meaningful management/commercial data that can be used effectively with the Directors to develop the business.

This is an excellent opportunity for a qualified accountant, aged late 20's/early 30's ideally with service sector experience, who can understand and get to grips with the detailed nature of this fast moving environment and work closely with the consultancy team, as well as being able to advise Directors strategically. Sound organisational and professional *skills with a good hands on approach are vital as are enthusiasm, energy and the right* personality to work as an integral member of this talented management team with the potential to become Finance Director.

Please write enclosing a full curriculum vitae quoting ref 647 to: Philip Cartwright FCMA, Cartwright Consulting, 3 Wigmore Place, Cavendish Square, London W1H 9DB

Tel: 0171 371 9476 Fax: 0171 371 9478

CARTWRIGHT CONSULTING
FINANCIAL SELECTION & SEARCH

Accounts & Administration Manager

£30,000 & Car - Mitcham

An excellent opportunity for an experienced accountant who enjoys the relationship between accurate financial reporting and being instrumental, within a team, for directing and developing a business. All aspects of finance, planning and systems development coupled with an ability to be an effective communicator at all levels.

PAUL KEADY
Parkside Accountancy
5 High Street - Staines - Middx TW18 4QY
Tel: 01784 - 456111 Fax 01784-469661

FINANCE DIRECTOR

AIM Flotation   c.£50,000 +Options and Car.

Our Client has obtained exclusive distribution rights in Continental Europe for an outstanding new Internet software product already successfully launched in the US. The company is soon to be quoted on AIM and market potential and financial resources are available to support a major sales drive in all significant European markets. Based in Central London the Finance Director, which is a new appointment, will be responsible for every aspect of the company's finance and company secretarial functions with particular emphasis on.

- Providing financial management input to both the company's operations and strategic direction.
- Designing and implementing financial and other IT systems
- Managing the City shareholders' interface
- Managing a multi-currency treasury function

The working environment will be that of a high growth SME and candidates need to have considerable breadth of experience to address the wide range of responsibilities inherent in the role. A high level of accounting and IT expertise will obviously be essential as is a professional qualification but emphasis in selection will also be on shareholder relations experience and solid commercial ability. Relevant software industry experience would be useful but not essential.

This is an entrepreneurial opportunity which will be rewarded by a package consisting of a competitive base salary plus share options with car and benefits.

Please reply in writing with your cv, *quoting reference FDF, to* Robert Silver.

Silver & Co
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GROUP ACCOUNTANT

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Above all, you are a team player with a sense of humour, a creative and flexible disposition, and a "can do" approach to business.

If you can demonstrate a specific match with your experience and ambitions, write (enclosing CV and current package details) to:

Chris May,
First Mortgage Group,
Brettenham House,
14-15 Lancaster Place,
London WC2E 7EP.

Financial Controller

Financial Services   Greater London   c.£60,000 + Car + Bonus + Bens

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Our client, a leader in its field, is the wholly owned subsidiary of a major British merchant banking group. The company is not only one of the best known in its field but it also has the highly developed resources and management skills demanded by investors.

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The remuneration package will reflect the seniority of the position and will include an attractive basic salary, company car, bonus, normal executive benefits and the opportunity to develop a stimulating career within this high profile international group.

Interested applicants should write, in the strictest confidence to Robert Walker or Brian Hamill at Walker Hamill Executive Selection, forwarding a brief résumé quoting Ref: BH 2324.

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Please reply with full CV, quoting reference 1115 (Edinburgh) or 1124 (Wigan), to James Walmsley, Ennismore Partnership Ltd, 48-50 Mortimer Street, London W1N 7DG, fax 0171 436 7677, who is advising on these appointments.

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- Previous overseas experience preferred

Position are available immediately.

Please apply by fax, *including the names of three* (3) references, a full curriculum vitae with fax and phone numbers to:

THE CHIEF EXECUTIVE OFFICER
Jerudong Park Medical Centre
Royal Brunei Polo Club
Jerudong Park 2021
BSB, Brunei
or fax: 00673-2-672 461

National Film + Television School

FINANCIAL DIRECTOR

The Organisation

The National Film and Television School is the leading national centre for the provision of professional education and training for the entertainment and information industries, offering full-time post-graduate, post-experience courses in ten specialist areas and a range of Short Courses for industry professionals. We are looking for a Financial Director to help strengthen the School's financial basis and to develop commercially viable projects.

The Role

Reporting to the Director, the Financial Director will be a senior member of a lively and creative Management Group. S/he will be responsible for reviewing, updating and implementing the financial and funding policy and strategy for the National Film and Television School

The Candidate

A credible candidate will need to be a Chartered Accountant at senior management level with experience of working with, or in the public sector, as well as commercial experience. *Awareness of developments affecting the British* and European Screen Industry and the current practices in comparable institutions is essential. *Salary will be commensurate with the seniority of* this post.

Applications should be sent to Angela Jones, *Head of Administration, National Film and Television* School, Beaconsfield Studios, Station Road, Beaconsfield, Buckinghamshire, HP9 1LG, tel. 01494 671234, no later than 15 April 1996

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If you would like an information pack, please telephone **0161-244-4569** or alternatively in the first instance, you would like a discreet conversation about this position please contact Cyril Gates on **0161-224 4000.**

The Inter-American Development Bank,
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Section Chief

Accounting Policy and Reports Section

Functions: Lead the accounting team responsible for: operation and maintenance of the general ledger system; interpretation of standards to define the Bank's accounting policies and procedures; analysis of activities, including funds under administration and pension-related funds to recommend the establishment or modification of accounting controls, policies and procedures; production of financial statements; and coordination of the external audit of the Bank's financial statements and agreed upon procedures reviews relating to debt issues. **Requirements:** *Education:* Master's degree or equivalent in Accounting or Business Administration. Bachelors degree in Accounting and certification to practice public accounting is preferred. *Experience:* Minimum of 12 years of professional experience in accounting/auditing (of which ten should be at the international level), acquired within a multinational environment and/or a public accounting firm. Fluency in English and Spanish. Interested applicants should send cover letter and resume in duplicate to:

Inter-American Development Bank Stop E0607 HUR-RQ-FT
1300 New York Avenue NW, Washington, DC 20577
or Fax (202) 623-3096

Only applications which best match the requirements of the position will acknowledged. Women are encouraged to apply.

هكذا من الأصل

IT Senior Appointments

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Helpdesk Manager

Excellent salary + benefits + relocation

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To apply, please send your CV and current salary details and daytime telephone number to: Harvey Nash Plc, 13 Bruton Street, London W1X 7AH (tel: 0171-333-0033 fax: 0171-333-0032). Please quote Reference Number HN1937FT.
Also apply via http://taps.com/Harvey_Nash

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Probably aged between early 30's and early 40's and preferably of graduate calibre, you will be familiar with PC based solutions, preferably gained in a strong, customer-focused commercial environment, using current Client/Server technologies, including database retrieval and possibly imaging techniques. As our organisation makes extensive use of Facilities Management for our mainframe and networking capabilities, exposure to outsourcing would be an appropriate asset, as would past expertise in IBM mainframe-led systems development.

The culture of our organisation is one of a fast-moving and highly challenging commercial and technical environment. The successful candidate will therefore need to demonstrate considerable personal attributes, including the versatility to recommend and accept change, first class interpersonal and team playing skills, and the vision to be highly creative and innovative.

If you feel stimulated by this challenging, exciting and unique career opportunity, please send a covering letter and CV, including current salary details and daytime telephone number to our advising consultants at Harvey Nash Plc., 13 Bruton Street, London W1X 7AH (Tel: 0171-333 0033). Please quote reference number HN1938.

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IT City Appointments

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SYSTEMS DEVELOPMENT & SUPPORT

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We are offering you a wide variety of projects – interfacing with users to provide software design and development services that are precisely tailored to business needs. We also have opportunities in on-going support and testing roles. Whilst a background in financial services would be useful, it is certainly not essential. The vital skills are at least 18 months experience in a quality-driven, time-critical, UNIX and C environment. Ideally, we would also like to see evidence of GUI, SQL and relational database (preferably Oracle or Sybase) experience.

For these talented individuals, there is a real prospect of moving rapidly into major OO development projects.

TREASURY SUPPORT

Citymax has been retained by Credit Suisse to provide all IT services for its Treasury operations, and opportunities now exist for high quality financial markets professionals.

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To find out more, please telephone our consultant Conrad Hills on 0171-253 7172 during office hours or on 0181-542 8724 evenings and weekends. Alternatively, write with full career details, quoting ref 707, to him at JM Management Services Limited, Chandos House, 12-14 Berry Street, London EC1V 0AQ. Fax: 0171-253 0420. E-Mail: jmms@dircon.co.uk

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CITYMAX

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Please contact Philip Wright

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Please contact Brian Jarvis

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Please contact Ian Dodd

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Please contact Ian Dodd

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Foreign culture shocks

When a manager fails to cope with a foreign assignment, the cost to the individual and employer can be vast. Yet very few companies in the UK and Germany give adequate preparation and support to staff sent abroad, according to a study* published today.

"Most companies in the UK and Germany still treat foreign assignments as if they were sending their managers to Birmingham or Düsseldorf," says Elisabeth Marx, head of International Assessment and Consultancy at NB Selection, which wrote the report.

Most companies in the UK and Germany do not consider the individual's ability to adapt to another country, but base their selection purely on technical ability. Only 20 per cent of UK companies and 18 per cent of German companies assess the potential of their managers for international assignments.

"Softer" psychological issues such as cultural sensitivity, flexibility, emotional stability and tolerance of ambiguity are rarely evaluated. Moreover, cross-cultural training to improve the understanding of different customs and attitudes is offered by fewer than half of the UK and German companies.

The report found striking differences in attitudes to managers when they returned from working abroad. Only 36 per cent of UK companies guarantee British managers a job on their return, compared with 90 per cent of German employers.

The biggest problem for UK companies was the failure of managers to adapt to the new culture, whereas the reverse culture shock of repatriation was an issue for German companies.

The survey, which involved 92 UK and German companies, was published by the Anglo German Foundation for the Study of Industrial Society.

Vanessa Houlder

**International human resource practices in Britain and Germany by Elisabeth Marx. £7. Available from Anglo-German Foundation Book Sales, BEBC Distribution, 15 Albion Close, Parkstone, Poole, Dorset BH12 3YD.*

Flight to revival

Joel Kibazo reports on Kenya Airways' turbulent path to privatisation

Brian Davies: 'Everyone was able to see we had not based this on tribe or politics'

When Brian Davies became managing director of shortly-to-be privatised Kenya Airways, he realised he would have to draw on more than just experience to transform the African loss-making state carrier.

A former general manager at British Airways, Davies, together with Malcolm Naylor, the current finance director, and Des Hetherington, who has since left the airline, had been part of Speedwing, the British Airways consultancy that carried out a 1992 study of the airline and recommended plans for its revival.

The consultancy team had found an airline on the verge of collapse. There was little cost control, which had contributed to the growing losses which hit \$50m (£33m) in 1992; senior management posts were awarded on the basis of political affiliation and tribal loyalty with the result that the management hierarchy not only mirrored that of the Kenyan civil service but could have been a case study of the country's social structure.

The board of the company, chaired by the late Philip Ndegwa, a former governor of the central bank of Kenya, subsequently asked the Speedwing team to take over the running of the company and prepare it for privatisation.

Looking back over the last four years, Davies, who prides himself on having a direct but firm management style, says it has been a turbulent but interesting flight. As expatriates they have had to face the additional problem of a press campaign that labeled them "white colonialists".

One of the first things Davies had been warned about was the local custom of never doing anything on time. Arriving an hour late is not always considered rude.

"I have a personal fetish about time and I was warned that you can't do things on time in Africa. Having decided on times of meetings, he would lock the doors to the meeting room and start without the late-comers. Initially this led to meetings with only around half the number of senior management staff but as he says, "the late-comers were soon embarrassed. It worked."

Management's new promptness clearly percolated through to operations, where the airline's poor record of flight departures was a central issue. Today, he says with pride, "around 90 per cent of flights leave on schedule and around 85 per cent within 15 minutes of the set departure time. This made me determined to show that other things could also be tackled".

Another target was staffing. The new team arrived after some 900 people had already been laid off, easing the burden of the staff reorganisation. Yet given the tribal traditions it still proved to be one of the most sensitive operations. The management asked employees to resign and re-apply for their jobs.

The reorganisation was complicated by the company's six-tier management structure. Naylor remembers: "I could not ask for a file without the message having to be passed down a chain of six people. It was crazy but that is how things had always been done here. You have to understand that in this culture position and seniority are very important."

Following the review, the management was streamlined to three tiers, with each manager given specific tasks and budget responsibilities together with spending targets. Nine managers, said to have owed their positions to political or tribal affiliation, were sacked. But Davies says the review brought a new confidence to the staff. "Everyone was able to see we had not based this on tribe or politics."

Over the last four years the staff has fallen by a further 400 to 2,300 through a voluntary redundancy scheme, the first such scheme in a Kenyan state-owned company. Losses were reduced to \$30m in 1993 and in 1994 the airline recorded its first profit, \$7m, which rose to \$17m last year. In 1994, the government assumed responsibility for all the airline's external debt arrears of about \$82m and converted \$33m owed to it into equity. Profits this year are expected to be ahead of the \$22m expected by analysts.

Most of the changes in the first year were carried out against a background of a local press campaign against the new management. As the management came from the UK a commonly held view was that it was simply preparing the carrier for sale to British Airways. The more enterprising reporters published the management's hotel bills. Davies admits that at times he wondered what he had let himself in for. "But in the end I knew we had a job to do and I wanted to see it through." He says a Time Manager International (TMI) course early on in his career at British Airways, which emphasised putting people first, had been useful.

He moved to introduce some elements of TMI into courses he organised at Kenya Airways. "If you show you value the employees then they too will treat the customers with the same care and attention."

While arranging a course he discovered that 75 per cent of his staff had never been on an aircraft. "This meant that they simply had no idea of what we were about." A lunch aboard an old Boeing 707 aircraft was quickly arranged.

It would have been difficult to usher in so many changes without friction and Davies does admit to a number of misgivings. "People misunderstood our open management style. We called each other by our first names and openly argued about a point. Here, they observe niceties and people were offended by our way of discussing things. It was an Anglo Saxon way of doing things." It took a word from the then chairman to highlight the error of the new team's ways.

Davies also says he underestimated the effects of tribal allegiances. "We would say we are only interested in the Kenya Airways tribe. But in fact we were ignoring reality. Tribe is a powerful aspect here that cannot be ignored. For example, people find it difficult to discipline someone from their own tribe. Things are getting better but we have had to learn to live with that factor."

Last year, the Kenyan government invited international carriers to take a stake in the airline. In January KLM, the Dutch national carrier, announced it had taken a 26 per cent stake. The management is now engaged in a series of briefings for international and local investors ahead of next week's flotation of 48 per cent of the company's shares, to be quoted on the Nairobi stock exchange. The government will retain a 23 per cent holding while 3 per cent of the shares will be used for an employee share ownership scheme.

Those expecting Davies to bow out of the company he has transformed have been wrong footed. He and Naylor have just accepted a two-year extension to their contracts. "The last three years have been challenging. The next two years will be ones of fun as we enter the growth stage."

Death of a salaryman dream

Emiko Terazono on the rise in middle-aged Japanese suicides

Seppuku, the ritual disembowelment by Japan's feudal warriors to preserve their honour may be a thing of the past. But an increasing number of the country's corporate samurai are being driven to voluntary death by a flood of corporate scandals and the push for restructuring among companies.

Although work-related suicides have long been a problem in Japan, the number of office workers taking their own lives is rising. According to the National Police Agency, suicides by men between the ages of 40 and 59 totalled 6,296, rising 13.7 per cent in the last five years.

Some psychologists claim that the increase in middle-aged suicides, a trend seen in industrialised societies in the west, reflects the fact that Japan's social problems are becoming more like those of a developed country. Until recently the country saw high suicide rates among the elderly and those aged less than 25 years. However, others argue that the phenomenon among salarymen, or office workers, is typically Japanese – caused by excessive loyalty to one's company or organisation.

The recent spate of suicides by officials working for companies embroiled in public scandals appears to be cases of loyal workers driven to the brink by non-stop work. In the end, they chose to sacrifice their own lives to overcome disgrace and attain public forgiveness. "With many middle-aged salarymen, their loyalty is such that they feel responsible and take it on themselves," says one Japanese psychiatrist.

The death of Shigeo Nishimura, an official at the state-owned Power Reactor and Nuclear Fuel Development (PNC), the nuclear reactor operator involved in a cover-up of a leak at the country's newest nuclear reactor, is a case in point.

Nishimura was responsible for investigating fellow employees of PNC involved in the cover-up of a sodium cooling agent leakage at Monju, the country's experimental fast breeder reactor. He was said to be tormented by failure to get to the bottom of the case and by the harm his inquiries would do to colleagues and the government corporation for which he worked for 26 years.

Lifetime employment, where a worker spends his career in one company, has contributed to stronger ties between the company and the employee than seen in the west. "Workers look to the company rather than their families or other activities for self-fulfilment," says Makoto Natsume, a psychiatrist based in Osaka, who counsels stressed office workers.

Meanwhile, the pressures of corporate restructuring are also driving middle-aged salarymen to death. "Changes of the environment which surround companies are creating a lot of stress for office workers," says Natsume. According to a survey by a hospital in Tokyo, more than 70 per cent of men in their 40s and 50s who come in for treatment for depression express the desire to commit suicide.

Until recently, the goals of corporations and employees coincided. Workers were rewarded for loyalty and hard work by a rise within the hierarchy, while corporations saw higher profits.

However, the cosy relationship has started to cool as companies have come under pressure to cut costs. Companies are reassessing the labour structure, and middle-aged salarymen, many of whom sacrificed their family and private lives for the company, have been the most affected.

The sense of betrayal has been heightened by the fact that companies have singled out middle-aged workers to cut costs. Workers in their 40s and 50s have become a large cost burden to companies because of seniority payment, where the number of years spent in a company determines a worker's salary.

To counter the rise in work-related stress, counsellors and medical specialists are advising a total change in values: they are telling workers suffering from stress to try to rebuild their lives outside the company. "Salarymen have to realise that their own dreams and those of the company are no longer the same," says Natsume.

Passions of a dilettante collector

Nigel Spivey reviews 'Vases and Volcanoes' at the British Museum

The British Museum is commemorating one of its founding fathers. Or perhaps rescuing him, for Sir William Hamilton (1730-1803) has suffered an unhappy reputation. Those who know little about his life and times tend merely to regard him as one of history's classic cuckolds, overtly mocked by the dalliance of his wife Lady Emma with Admiral Nelson. And recently, scholars have attacked him for artificially raising the market value of ancient Greek vases by over-promoting the aesthetic accomplishments of pieces in his own pioneer collection. The new *Vases and Volcanoes* exhibition attempts to redeem Hamilton's noble intentions on all fronts.

It was another collector's wife, Lady Elgin, who described Emma Hamilton as a "whopper" – vulgar, blowsy, more barmaid than diplomat's wife. But the portraits of her assembled here attest a real English rose, whose boudoir eyes evidently enchanted Reynolds and Romney and many others. It was no fault of Emma's that old Sir William displayed her at diplomatic functions like a rare piece of nature, or some perfectly-formed statue. She performed to his voyeurism, and was celebrated in Naples and beyond for her repertoire of salon "Attitudes" – poses struck according to ancient models, which visiting artists eagerly sketched. And since she gave him as much aesthetic as erotic pleasure, Hamilton more or less indulged the Nelson affair. He himself had passions elsewhere too.

Vesuvius was one of them. Hamilton ascended the simmering volcano over 70 times, risking his life in the search for both picturesque views and scientific enlightenment. Cabinets of the mineral samples he gathered are on display here, and we are reminded that in its early days, the British Museum made no distinction between natural and man-made curiosities. It was half a century before the two types diverged into separate collections. Encyclopaedic dilettantism was what Hamilton represented: though some would see in his fascination for Vesuvius the arch-collector's pathological admiration for molten lava as nature's own ultimate preserving agent.

It is a less well-known aspect of Hamilton's collecting impulse that he gathered, with his fellow connoisseur Richard Payne Knight, evidence for the cult of Priapus, the Roman hybrid of scarecrow, garden gnome and lewd gargoyle. Hamilton and Payne Knight compiled a book of this evidence, boldly illustrated with the outstanding attribute of Priapus – an erect phallus. Extending his interests into comparative anthropology, Hamilton showed that even in 1780, at a church in the Neapolitan kingdom, wax models of the male member were being dedicated as bringers of fertility.

For his contemporaries, it was too much. Stories of Emma's nymphomania compounded traditional British prudery about matters below the navel, and the book was withdrawn from circulation. But Hamilton presented the British Museum with his collection of wax penises – and at last a few of them have been brought out of the recesses for display in this exhibition. (It has to be said that the objects themselves will be either a let-down, or a comfort, depending on one's point of view).

What of the vases? Part of Hamilton's large collection was sunk in transit off the Isle of Scilly, and such fragments retrieved from the wreck by a modern salvage operation are pathetically damaged. The many intact pieces include only one or two acknowledged "masterpieces" of Greek painted pottery, since the really rich finds of Greek vases from Etruscan tombs did not come until a couple of decades after Hamilton's death. Still, Hamilton undoubtedly regarded his vases as investments, and the catalogues of his pieces certainly served to hype their market value. Yet he also declared a public-spirited motive in publishing the collection and bringing it to Britain. These examples of ancient earthenware would, he hoped, lead contemporary potters to aspire to work of similarly high standards.

His aim was gratified, thanks to Josiah Wedgwood, whose born-again Classicism was epitomised when he named his Staffordshire factory as "Etruria". To this day, the figured reliefs on Wedgwood ware faintly reflect the designs "in true antique style" commissioned from the sculptor and draughtsman John Flaxman, who made copies directly from some of Hamilton's vases.

Flaxman's formal and rather anaemic outline technique of rendering Classical scenes in turn had a surprisingly wide influence. Ingres and Goya were only two of numerous Continental artists who studied and borrowed Flaxman's work. And arguably the enthusiasm created by Hamilton for ancient vases yielded Keats' passionate "Ode on a Grecian Urn" in 1819. "Beauty is truth, and truth beauty": thanks to this elegant and intelligent exhibition, Sir William Hamilton's anticipation of the Keats ideal is at last properly revealed.

Vases and Volcanoes: Sir William Hamilton and his Collection is at the British Museum until July 14.

Bronze military parade mask taken from a tomb at Nola

Theatre/Alastair Macaulay

Disgracefully Yours

Timid, laboured, tired, *Disgracefully Yours* is very probably the dullest show in London. It pretends to be an entertaining sermon from hell, preaching the merits and rewards of sin; in the event it proves vaguely repressed and occasionally moralistic.

Still, what it tries to say is less dismal than how it tries to say it. Each song tumbles in its first bar into a new rut, though each rut is part of the same weary 4/4 rock tempo. Not being able to hear the lyrics may be a bore, but reading them in the programme is worse. ("I always get a frisson of excitement/ A shiver of sheer ecstasy/ When my eyes fall on a thing of enticement/ I guess I'm blessed and yes it's destiny.") In between the songs, "Mephistopheles Smith" – our not very hellish compère – preaches about hell as if it were a haven for camp of the weariest kind.

Richard O'Brien not only plays Mephistopheles Smith, he is also responsible for the book, lyrics and music. Nothing about the staging is original; and the only interesting thing is a 30-second saxophone cadenza (from Nick Payn). O'Brien is egg-bald, with two diminutive horns on his brow and stiletto cloven hooves on his feet; he looks like Steven Berkoff with a lot more maquillage and lot less muscle. Using the same two or three emphatic looks that may have been roguish 30 years ago, he has a habit of shouting into his microphone at the beginnings of sentences and then tapering away into soft-voiced diminuendo descents.

He laughs at some of his own unspontaneous jokes more than many in his audience, and stumbles over other lines. The choreography for the vocal backing group – "Brother" Michael Dalton and the two "Fabulous Frockettes" – is almost constantly reduced to the same two-to-the-left two-to-the-right routines.

The kindest thing to say about this aren't-we-naughty (no, you're not) silliness is that it is scheduled for only 21 performances at the Comedy Theatre. But what is it doing in the West End anyway? It epitomises all the worst senses of the word "provincial": derivative, weakly performed, samey, stale, inhibited. There are too few shows in London at present to make you proud to be a London theatre-goer; but with *Disgracefully Yours* things have reached a new low.

At the Comedy Theatre, SW1, until April 6.

Yorkshire stages Miller and Williams

American accents come and go but the plays of Arthur Miller and Tennessee Williams keep being performed. Both of them are actor-friendly, and often challenge British actors to excellent levels of achievement.

The current staging of Miller's *A View from the Bridge* at York's Theatre Royal is in most respects stronger than the David Thacker staging that last year toured and reached the West End. In particular, Vincenzo Nicoli brings great power and conviction to the central role of Eddie Carbone. The power is physical, visceral (his body, as with Michael Gambon's superlative 1987 interpretation of this role, expresses all the furnace of incestuous desire and strange jealousy that Eddie can never express in words); and the performance is compelling because it is grounded in detail – the Italianate virile gestures, the artlessly open spontaneity of the strong face and big body, the quick explosiveness of the dark voice. And Nicoli steadily builds the role beyond these details into a violent climax.

All the performances here are good, especially Rosalind March as Eddie's no-nonsense wife Beatrice and Emma Lewis as his confused niece Catherine (nicely keeping up the flirtation with him until Beatrice makes her aware of it). Mark Bailey's set, with a superb feat of imagination, recreates the skeleton of the Brooklyn Bridge, as seen from Brooklyn, and puts the Carbone household inside it; so that we are always aware of the New York harbour and of Manhattan. The fluent direction is by John Doyle, the Theatre Royal's artistic director.

Meanwhile Tennessee Williams's *Cat on a Hot Tin Roof* is being given in an an altogether more artful production at the Harrogate Theatre. Because the film of this play is famous, the face of Elizabeth Taylor (who played Maggie, the title role) is reproduced across one whole diagonal wall of the set. Apart from the bed in the centre stage (decked in purple sheets) and the slits and shutters of the rear wall, Taylor's face is all the decor there is to look at, and it often steals attention from the actors.

The designs are by Paul Manley; he has dressed everyone in purple or white, with the supporting characters in exaggerated cartoon costumes. Lisa Shingler as "Maggie the cat" starts out in a Taylor-lookalike dark wig, which she soon removes to play the rest of the role with her own blonde hair. And Andrew Manley, directing, makes her address the huge Taylor face: she blows a kiss at it, and she spreads her arms across Taylor's gorgeous mouth as she speaks to her husband Brick.

This wise-guy film-conscious kind of staging is less distracting than you might suppose. Manley makes a more serious mistake, however, by having Nick Marston light the stage so that half the characters are in shadow; and another mistake by having taped background music play throughout – sometimes modern rock, sometimes slow muzak – whose monotony only serves to dull down things onstage.

And yet, against all this distraction, there is some fine acting. Shingler is a very young and evidently talented actress; she plays the dangerous, honest, urgent Maggie with some of the same knowing artfulness as the staging, but she is so committedly in control of everything she does that she transcends her irony and the production's. Jonathan Wrather gives a more wholly sincere and simply convincing performance as her crippled (emotionally and physically) husband Brick; no one onstage is more believably American. But the production works too hard to mute the force of this talented actor. Knight Mantell, though an evidently imperfect American, reveals an interesting weakness – a personal sense of emptiness – within Big Daddy's patriarchal force. Gillian Goodman as Big Mamma and others are asked to play their roles as mild grotesques and do so with enjoyable glee.

Manley and Doyle are not only the directors of these two stagings, they are also the artistic directors of these two theatres. If standards at Harrogate and York are usually this high, Yorkshire is doing well.

***A View from the Bridge* continues at the Theatre Royal, York, and *Cat on a Hot Tin Roof* at the Harrogate Theatre, until March 30.**

Jazz/Garry Booth

Cassandra Wilson

Cassandra Wilson could be the most important jazz singer to emerge in the last 30 years. A true original, her sensual, honeyed contralto voice sounds as bewitchingly different as Billie Holiday must have done in the early 1930s or Nina Simone in the late '50s. And like those blue divas, Wilson has cultivated a huge following which crosses the pop/jazz boundary.

She borrows little from the tradition, preferring neither to swing nor croon in the conventional idiom. Her voice roams between tender blandishment and sinister growl. Her idea of a standard is a creepy old blues tune by Robert Johnson or a Van Morrison ballad. She tackles straightahead jazz obliquely – Joni Mitchell meets Betty Carter? – and the latest recording, *New Moon Daughter* features Holiday's "Strange Fruit" and Hoagy Carmichael's "Skylark". The pared back arrangements are drenched in country atmosphere with beseeching violin, tipsy accordion and bottleneck guitar.

For the European tour which opened on Wednesday at the Queen Elizabeth Hall, Wilson is backed by a quintet, the core of her superb recording band. The two guitarists, percussionist plus bass and drum began by outlining Neil Young's "Harvest Moon" for Wilson to colour in, dreamily. A robust reading of the doomy delta blues "Death Letter" followed, strangely matched in its surreal appeal by a distorted version of Hank Williams' "I'm So Lonesome I Could Cry". Until you hear the Mississippi-born singer's impassioned pleading on "Last Train To Clarkesville", it is hard to believe that a popsicle written for the Monkees could be transformed into a sophisticated tone poem.

Apart from her inspired choice of borrowed material, Wilson also writes her own poignant and powerful tunes: on Wednesday we heard the melancholic love song "Solomon Sang" and the quirkily erotic "A Little Warm Death". It has taken a while to refine and define this languid talent, but on Wednesday's showing it has been worth the wait.

Recital/Richard Fairman

A Russian to remember

Giving a recital at the Wigmore Hall is the equivalent of appearing in a shop window for some singers. Even if the artist in question has no serious ambitions as a recitalist, a solo recital at the Wigmore can still be the best way of advertising one's wares to an audience made up of the people who matter.

Last year the Russian mezzo Larissa Diadkova made a fairly sensational Wigmore debut, though less in the songs than the blazing operatic arias thrown in to show what she is really good at. On Wednesday she returned, but this year's spring collection made a less successful display. It must be frustrating for Russian singers to find themselves restricted to their native Russian music by Western promoters, but if they want to show their paces in the German or French repertoire as well, there are a few basic lessons to get right first.

Diadkova started her recital with a performance of Mahler's Rückert Lieder that plucked the music from its cosy Austrian homeland and put it down in the raw and ferocious wastes of a Russian winter. Occasionally Diadkova would lighten her tone, but much of the cycle was sung with a full operatic voice, bolstered by a raging chest register. The final line of "Um Mitternacht" was anything but an expression of inner religious conviction, more the roar of a wounded bear.

Her German was of the thick and curdled variety, recognisable mainly because other Russian visitors have brought it here before. In French, she was marginally more comprehensible, though even there entire sentences were swallowed into oblivion. With a bit of work on the language (her Russian predecessor Elena Obraztsova managed to get by without much more) Diadkova should make Saint-Saëns's Dalila one of her most effective operatic roles: she is already working hard at the seductive side of the role and Dalila as tigress comes naturally.

After the interval a return to the Russian repertoire was well advised and welcome. A year after the event the memory may play tricks, but it did seem that Diadkova was less concerned about setting the right tone for the songs in this programme than she had been at her previous Wigmore recital, possibly because her accompanist this time, Natalia Arzoumanova, played more like a repetiteur who turns every number into an operatic aria. Certainly, the items which made the biggest impact were the arias from Tchaikovsky's *The Queen of Spades* and *Maid of Orleans*, which showed off what her voice can do.

And what a voice this is! Even at a time when Russia is sending out cohorts of marvellous singers to conquer the world, Diadkova is at the head of the column, a standard-bearer for all that is best in the Russian singing tradition. Her voice is big, strong, absolutely secure. It has passion, energy and resilience, issuing from a throat of steel that will enable her to tackle the great Verdi mezzo roles without compromise. At this moment she is stepping over the threshold of a major career.

INTERNATIONAL ARTS GUIDE

■ AMSTERDAM

EXHIBITION
Stedelijk Museum
Tel: 31-20-5732911
● Gilbert & George: The Naked Shit Pictures: these symmetrically structured pictures are a radicalization of the large works the artists have been making since the beginning of the Seventies, and in which they portray the condition of modern man. The works were exhibited for the first time late last year in the South London Gallery; to Mar 31

■ BERLIN

CONCERT
Philharmonie & Kammermusiksaal
Tel: 49-30-2614383
● Cleveland Orchestra: with conductor Christoph von Dohnányi perform works by Ligeti, R. Schumann and Stravinsky; 8pm; Mar 23
● Deutsches Symphonie-Orchester Berlin: with conductor Vladimir Ashkenazy and cellist Steven Isserlis perform works by Dvorák and Mendelssohn; 7pm; Mar 24, 25 (8pm)
DANCE
Deutsche Oper Berlin
Tel: 49-30-3438401
● Les Intermittences du Coeur: a choreography by Roland Petit to music by Saint-Saëns, Wagner and others, performed by the ballet of the Deutsche Oper Berlin. Soloists include Lisa Cullum, Franck Balbi and Mayumi Katsumata; 7pm; Mar 23

■ COLOGNE

CONCERT
Kölner Philharmonie
Tel: 49-221-2040820
● Benjamin Schmid and Tanja Tetzlaff: the violinist and cellist perform works by Ravel, Ysaÿe, J.S. Bach and Kodály; 4pm; Mar 24

■ COPENHAGEN

OPERA
Det Kongelige Teater
Tel: 45-33 14 10 02
● Madama Butterfly: by Puccini. Conducted by Paolo Olmi and performed by the Royal Danish Opera. Soloists include Gitta-Maria Sjöberg and César Hernández; 8pm; Mar 25, 27

■ HAMBURG

CONCERT
Hamburgische Staatsoper
Tel: 49-40-351721
● Zhao Deng-Feng and Kurt Gysen: accompanied by Juriko Akimoto. The tenor and bass perform songs by Grieg, R. Strauss and others; 8pm; Mar 25
EXHIBITION
Hamburger Kunsthalle
Tel: 49-40-24862612
● Im Licht der Renaissance. Graphik der Brüder Beham: exhibition in commemoration of Gustav Pauli, director of the Hamburger Kunsthalle from 1914 to 1933. The display includes some 65 engravings and woodcuts by the brothers Sebald (1500-1550) and Barthel (1502-1540) Beham; to Mar 31

■ HOUSTON

EXHIBITION
Museum of Fine Arts
Tel: 1-713-639-7300
● Celebrating Seventh: New York Fashion Designers: Seventh Avenue, New York City, is the heart of American fashion. Along this and other neighbouring streets rush contemporary designers such as Bob Mackie, Bill Blass, Oscar de la Renta and Mary McFadden. The exhibition features the creations of New York designers who have given the world the American look; from Mar 24 to May 26

■ LEIPZIG

CONCERT
Gewandhaus zu Leipzig
Tel: 49-341-12700
● Michael Schönheit: accompanied by viola-player B. Jäcklin and flutist W. Loebner. The organist performs works by J.S. Bach, Weyrauch, Martin and Neubert; 5pm; Mar 23

■ LONDON

CONCERT
Barbican Hall Tel: 44-171-6388891
● The London Symphony Orchestra: with conductor Christoph Eschenbach, cellist Ralph Kirshbaum and violinist Pinchas Zukerman perform Brahms' Double Concerto and Dvorák's Cello Concerto; 7.30pm; Mar 27
EXHIBITION
Tate Gallery Tel: 44-171-8878000
● Still But Not Silent: this exhibition brings together still life paintings and sculptures from the Tate Gallery's collection by both British and foreign artists. The works range in date from the late seventeenth century to the present, and reveal the persistent attraction for artists of this form of art; from Mar 25 to Jul 14
POP-MUSIC
Royal Albert Hall
Tel: 44-171-5898212
● Donna Summer: performance by the American singer; 7.30pm; Mar 25

■ LOS ANGELES

CONCERT
Schoenberg Hall
Tel: 1-310-825-2101
● Borodin String Quartet: perform works by Borodin, Schnittke, Shostakovich, Weinberg and Tchaikovsky; 4pm; Mar 24

■ MADRID

OPERA
Teatro de la Zarzuela
Tel: 34-1-5245400
● Teatro de la Zarzuela: with conductor Cristóbal Halffter perform Marco's Selene and De Falla's La Vida Breve. Soloists include Diana Tiegs, Maria José Montiel, Mabel Perelstein, Manuel Cid, Antonio Carlos Moreno, Enrique Bacquerizo and Miquel Ramón; 8pm; Mar 24, 26, 28

■ MUNICH

CONCERT
Cuvilliés-Theater - Altes Residenztheater Tel: 49-89-296836
● Ivan Mähr, Michael Durner, Esa Kamu, Udo Hendrichs and Hugo Seebach: the clarinettist, violinist, viola-player, cellist and pianist perform works by Mozart, Hindemith and R. Schumann; 11am; Mar 24, 26 (8pm)

■ NEW YORK

CONCERT
Avery Fisher Hall
Tel: 1-212-875-5030
● Los Angeles Philharmonic: with conductor Esa-Pekka Salonen in an all-Stravinsky programme, including Symphonies of Wind Instruments, Symphony in C, Symphony of Psalms and Symphony in Three Movements; 7.30pm; Mar 25
OPERA
Metropolitan Opera House
Tel: 1-212-362-6000
● Salome: by R. Strauss. Conducted by Donald Runnicles and performed by the Metropolitan Opera. Soloists include Catherine Malfitano and Hanna Schwarz; 8.30pm; Mar 23, 26

■ PARIS

CONCERT
Salle Gaveau Tel: 33-1 49 53 05 07
● Gabriel Tacchino and Patrice Fontanarosa: the pianist and the violonist perform works by Poulenc, Saint Saëns and Franck; 8.30pm; Mar 26
Théâtre des Champs-Elysées
Tel: 33-1 49 52 50 50
● Natalia Gutman: the cellist performs cello suites by J.S. Bach and Britten; 11am; Mar 24
DANCE
Théâtre de la Ville
Tel: 33-1 42 74 22 77
● Kinok: the choreographies Rosa, Kinok and Grosse Fuge by Anne-Teresa de Keersmaeker, to music by Bartók, De Mey and Beethoven, combined in a programme performed by Rosas; 8.30pm; Mar 26, 27
OPERA
Théâtre des Champs-Elysées
Tel: 33-1 49 52 50 50
● Il Turco in Italia: by Rossini. Conducted by Iván Fischer and performed by the Budapest Festival Orchestra and the Choeur du Théâtre Royal de la Monnaie. Soloists include Tiziana Fabbricini (Mar 23, 25, 27), Rachele Stanisci (Mar 29), David Pittsinger, Barry Banks and Alberto Rinaldi; 7.30pm; Mar 23, 25, 27, 29

■ STOCKHOLM

CONCERT
Konserthuset Tel: 46-8-7860200
● Pinchas Zukerman and Marc Neikrug: the violinist/viola-player and the pianist perform Brahms' Violin Sonata No.2, Viola Sonata in E flat major and Violin Sonata No.3; 3pm; Mar 24

■ ZURICH

CONCERT
Tonhalle Tel: 41-1-2063434
● Dimitry Bashkirov: the pianist performs works by R. Schumann, Liszt and Prokofiev; 7.30pm; Mar 23

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Philip Stephens

The left approach

Although Tony Blair is determined to play safe in opposition, the Labour leader plans to be radical in government

Within a few weeks Labour politicians will be treading the boards of power in Whitehall. Permanent secretaries will be instructed on Tony Blair's priorities for the first two years of a Labour administration. Parliamentary draughtsmen will review the list of laws which Mr Blair might include in his inaugural Queen's speech. The Treasury will begin planning for many battles ahead over public spending in Mr Blair's cabinet.

All right, I admit it. I do not have an inside track on the date of the election. These will be no more than dress rehearsals, made possible by the political convention which gives the opposition party access to the government machine well before polling day. For now, every discussion between Labour spokesperson and Whitehall mandarin will remain contingent on the outcome. There could yet be an autumn poll, but Mr Blair must still plan on the basis that it will be another year before the talk is for real.

We are, though, about to enter a decisive phase. The popular mythology has it that elections are won and lost in the three gruelling weeks before polling day. The reality is otherwise. The die is cast during the six, nine or even 12 months which precede the formal campaign. So John Major has set next weekend's Tory spring conference as the moment to launch his promised offensive against New Labour. Mr Blair intends to get his retaliation in first.

In the middle of next week, he will begin to spell out his guiding priorities for government. The process will continue through the summer. By the autumn, he will be ready to pen a mini-manifesto. My guess is that he is planning a document along the lines of *The Right Approach*, the slim but penetrating political prospectus which paved the way for Margaret Thatcher's entry to Downing Street.

There is no need at this point to move to the edge of your seats. Mr Blair does not intend to tell all. For good reason. If you delve deep enough into the tangled undergrowth of the opinion polls you will find the most important clue to the outcome of the election. Two-thirds or more of the voters have concluded that, in Harold Wilson's famous phrase, it is indeed time for a change. But the same proportion is nervous of swapping the Conservatives for Labour. More than half contrive to subscribe to both propositions simultaneously.

Between now and polling day the electorate will be obliged to resolve the contradiction. The question is a simple one. Is change worth the risk? The election result will hinge on the answer. Mr Blair's task is to maximise the attraction of change while minimising the threat. Mr Major's is the reverse.

Mr Blair's assessment is that the country has indeed decided that the present government does not deserve to be re-elected. But that is not quite the same as saying that it will not do so. Labour's seemingly impregnable lead in the opinion polls looks soft. The party is not yet trusted. The momentum which came from scrapping the party's commitment to Clause 4 state socialism has slowed. There is still confusion in the public mind as to what sort of government Mr Blair would lead. And confusion breeds fear, the Conservatives' most potent weapon. The constant drumbeat of the Tory campaign will be that, however much you dislike the Conservatives, you cannot trust Labour.

> Mr Blair's assessment is that the country has indeed decided that the present government does not deserve to be re-elected

So one part of Mr Blair tells him that, above all, he must be safe. Hence the Stalinist grip he maintains on the utterances of his frontbench team. Hence the obsession with the headlines in the Tory tabloids, the timid silence on the shenanigans of the Royal Family. I suspect that he thinks it would be possible to win the election simply by dumping the odd surviving bits of his party's ideological baggage and by attacking the government's record.

But if he is determined to be safe in opposition, he also wants to be radical in government. It is easy to misread Mr Blair. The shamelessness with which he has marched onto ground long staked out by the Tories has been misread as evidence of an innate conservatism. But that is to confuse ends with means.

The Labour leader sees his fundamental objectives as no less ambitious than those of Keir Hardie, the founding father of British socialism. He believes in equality of opportunity as the basis for a fairer society. He sees a central role for government in creating economic prosperity and social cohesion. But, as a matter of pure ideology, Mr Blair is entirely unconcerned whether this enterprise or that happens to be in state or private ownership. What counts is whether it serves the public interest. If he thought a privately-owned, state-regulated railway could deliver, he would support it. And, you never know, he might yet.

He is equally dismissive of the old left-right boundaries as they apply to, say, education or welfare policy. Even in his own party, many have yet to wake up to the fact that it is the objective, not the instrument, of policy which matters in Mr Blair's mind. The basic dividing line he draws between Labour and the Conservatives is that between laissez-faire individualism and enabling government.

So how will he resolve the tension between trust and radicalism? Mr Blair proposes a package that can be sold as containable and deliverable, a series of illustrative pledges rather than the detailed blueprints which brought Labour to grief in 1992. No wish-list, no hidden agenda. There are three basic themes: wider economic opportunity, social cohesion and the decentralisation of political power. Alongside them will be another push to reform the internal constitution of Mr Blair's party. The trades unions will not be pleased.

There will be also be some policy specifics. More about public-private sector partnerships, lots about tackling the endemic insecurity of life in the 1990s. My guess is that David Blunkett is only halfway there in his restructuring of the party's education policy. A middle-range view would see Labour committed to fundamental reform of the nation's comprehensive schools. Mr Blair understands that rejecting grammar schools as the answer to low attainment is not enough without big changes in the comprehensives.

There will be a similar message about the welfare state. Proposals to reinforce the insurance principle for pension provision will be accompanied by unsentimental policies designed to move people from welfare to work.

There is a big gap here, of course. It is called tax. Mr Blair has yet to take a firm view. His instincts tell him to back tax cuts for the low-paid without corresponding increases for the middle classes. He will face internal pressure to propose a higher top rate of tax, but is conscious that could send a damaging message. We shall have to wait until much nearer the election for detailed decisions. By then, most of the voters will have decided whether change is worth the risk.

·LETTERS TO THE EDITOR·

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V-chip does not create responsible parents

From Mr Mike Parr.

Sir, Regarding the V-chip and parental choice, Mr John Bailey (Letters, March 21) suggests that without the V-chip parental choice does not exist. In fact it does – and is called the on/off switch. A simple-to-use feature currently fitted to all existing equipment.

The problem, as the FT editorial rightly points out ("False promise of the V-chip", March 19), is lack of parental attention to the viewing habits of children. However, the V-chip will require an increased level of parental attention – they must programme it. Unfortunately, this is exactly the attention which appears to be lacking now and which seems incapable of activating a simple on/off switch.

The V-chip is a simple answer to a complex problem. It scores cheap points for cheap politicians, and does little to address the fundamental problem of irresponsible parents.

Mike Parr,
43 rue de l'Ambleve,
1160 Auderghem, Brussels

From Mr Roy Perry MEP.

Sir, Your editorial rightly raised a number of doubts about V-chips as a solution to the scenes of gratuitous violence and sex on our TV screens. Let me add just reservation of my own.

When the European parliament recently considered this issue while debating the "TV without frontiers" directive it became clear that for some members, if the V-chip technology were adopted, a green light could be given to more "relaxed" programme controls.

While one amendment quite rightly supported a ban on programmes containing gratuitously violent scenes, a Socialist-supported amendment proposed by a British Labour member specifically stated "such programmes may be authorised" so long as there is a time control and technical measures (ie a V-chip).

In other words, once we have V-chips almost anything goes. I think we should not put all our chips in one basket.

Roy Perry,
97-113 Rue Belliard,
B-1047 Brussels, Belgium

US seeks co-operation in drugs battle, not to impose standards

From Mr William J. Crowe Jr.

Sir, There are many sides to the war against drugs. We no longer waste time arguing about who is at fault – consumer countries or producer countries. We know now that all countries are vulnerable to the plague drugs produce. The battle against drugs should be one waged by governments around the world united against the criminals. We cannot afford a debate among governments about who is at fault.

The US is currently pursuing what the Financial Times' March 1 editorial ("US is wrong on drugs") identifies as clearly necessary – a co-operative international strategy that addresses both demand and supply. You correctly state that "an effort that concentrates solely on restricting supply, either through crop eradication or interdiction, is bound to fail".

However, you are incorrect when you imply that the US drug control strategy is focused "solely on restricting supply". Some 90 per cent of public expenditures in the fight against drugs in the US go towards domestic programmes such as drug treatment, education, prevention, and local law enforcement. The US takes seriously its responsibility to resolve its share of the problem, and expects all nations to do the same.

The US certification process is not an effort to impose a set of unrealistically high American anti-drug standards on a reluctant world. The certification process concerns only one thing: the degree of co-operation in achieving the goals and objectives of the nearly universal 1988 United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances.

The Congress enacted the certification requirement 10 years ago in response to public concern that the government was not doing enough to stop the flow of drugs into the US. Congress believed that efforts to stop consumption could not succeed as long as a steady stream of drugs flowed into our country. The certification process obliges the president to make an honest, objective, public assessment of the performance of the major drug-producing and transit countries. Currently, there are 31 nations on the list.

This factual public evaluation disturbs some governments, for it allows both their domestic population and their international peers to judge their performance. However, this discomfort is far outweighed by the benefits. Drug trafficking and corruption thrive in the dark. Their greatest enemy is public scrutiny, especially in democracies where an informed electorate will not tolerate corruption in public institutions. Over the past 10 years the certification process has become a spotlight for that scrutiny. It is a powerful instrument of public diplomacy. Indeed, it is so effective that three years ago the president directed that it be applied even more stringently to narrow the operating territory of the drug trade.

As a result, we have seen noticeable improvements in many countries' performance. We fully realise that in some instances the certification determinations will make some governments and publics uncomfortable, but that is an unfortunate side-effect of fighting drug trafficking. Temporary distress is a small price to pay for making permanent inroads into the drug trade.

William J. Crowe Jr,
ambassador
United States Embassy,
24 Grosvenor Square,
London W1A 1AE, UK

Optimistic about potential of catalysts

From Mr Francis X. Vitale.

Sir, Your article on our now PremAir technology ("PremAir stalls out of the fast lane", March 5) leaves a false impression about Engelhard's success and prospects. PremAir catalysts represent an innovative new approach to air pollution that we remain optimistic about and dedicated to developing. The seemingly simple idea of placing catalysts on car radiators to help clean the air has led to exciting work at Engelhard on low-temperature catalysts that we expect will have a range of uses.

One point of fact in the article needs correction. You attribute an estimate of the market size for PremAir catalysts to our chairman, Orin Smith. In fact, Mr Smith has repeatedly stated that it is too early to predict the potential revenues and profits that may one day be contributed by this developmental technology.

The road for breakthrough technologies is seldom smooth, but it is the road to progress. Engelhard's recent business performance is a testament to this truism. In 1995, we achieved our fifth straight year of record earnings. We became the number one provider of automotive catalysts worldwide, due to our advanced technologies. In particular, our European market share grew significantly thanks to new catalysts that help meet strict new emission standards, cut overall costs for car makers and stand up to the tough driving conditions in Europe.

Francis X. Vitale,
vice-president,
strategic development &
corporate affairs,
Engelhard Corporation,
101 Wood Avenue,
Iselin,
New Jersey 08830-0770,
US

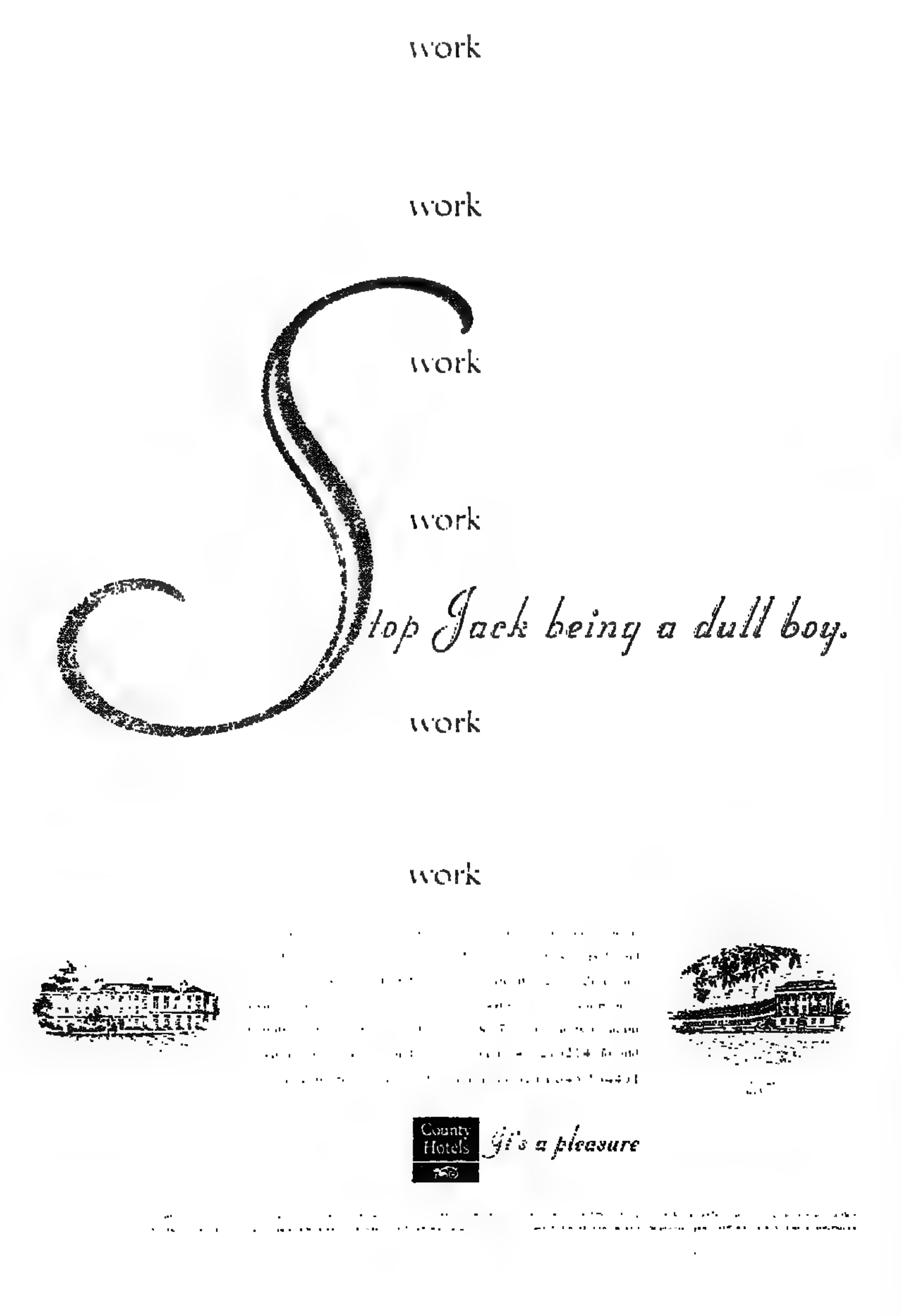
Relieve debt by buying commodity surpluses

From Mr Irving Kahn.

Sir, Your editorial "Relieving debt" (March 20) underscores the alternatives needed to reduce the extreme pressure on the world's poorest debtors.

New earnings are feasible through the purchase of their local commodity surpluses when current markets may be in surfeit. For both the World Bank and International Monetary Fund, owning the actual usable commodities is safer and more helpful than adding to the paper promises which are less likely to be repaid as they grow.

Irving Kahn,
Kahn Brothers & Company,
investment management,
555 Madison Avenue,
New York, NY 10022-3301, US



Europa · Dominique Moïsi

A French balancing act

In simple arithmetic two plus one equals three. In European politics the outcome of the equation involving Germany, France and the UK is less clear; two plus one may result in less than two. As the opening of the European Union's intergovernmental conference in Turin approaches at the end of this month, France is pondering the gap between arithmetic and politics.

Is the French attempt to forge a compromise between the German integrationist approach to Europe and Britain's insistence on a purely intergovernmental approach no more than "Gallic hubris" – likely to undermine the European project?

In the last 35 years, every incoming French government without exception has tried unsuccessfully to bring the British into the core group of Europe.

Paris felt that the UK would contribute to a healthier and more secure Franco-German relationship because, in the long run, Europe would be better off if it did not depend exclusively on the vitality of the Franco-German alliance.

The approach was based on traditional considerations about the balance of power in Europe. Paris and London would be better able to balance Bonn, not to mention Berlin, than Paris alone.

At least in essence, if not always in substantial politics, the French felt they had more in common with the British than the Germans. Were not France and Britain the only big European powers keen to intervene in world affairs with their military forces, as they did in the Gulf war and in Bosnia?

At Europe's core: President Chirac (left) and Chancellor Kohl

The two countries have never had so many interests in common as recently – from their joint struggle in Bosnia, to France's recent rapprochement to Nato. Yet, in spite of this, the French may be about to be disappointed once more in their attempt to bring Britain closer to the heart of Europe.

Recent events have reawakened visions of the past among British political leaders, a past in which European nation states struggled to establish a balance of power on their continent throughout the 19th century.

Allied intervention in the Gulf and Bosnia has rekindled nostalgia for the special relationship with the US which dominated the earlier part of the 20th century.

Germany's political elites, however, no longer see the world in terms of the balance of power – largely because of their past.

They view the US as an ally increasingly preoccupied with concerns at home and elsewhere in the world. Unification has strengthened this belief by emphasising German centrality – if not relative superiority – in Europe. The French political elite is somewhere in between. It is closer to the British in its attachment to the nation state. But it is closer to the Germans in its acceptance that it will be through Europe that France will maximise its role and influence in the world.

There may be deep cultural reasons why the convergence of interests between the French and the British has constantly failed to bring them closer together.

Their political and administrative elites share a similar kind of statist and historical arrogance which perhaps means they are too similar to live together.

Some in Europe hope that a change of government in the UK might transform the British attitude. But the election of a Labour government under Mr Tony Blair may not be enough: the differences between Labour and the Conservatives on Europe may be less than many assume – not least because both parties are deeply divided over the issue.

In fact, the bigger divide is between the political and administrative world and the UK's economic and financial interests – it is as if Downing Street and the City of London were on different planets.

The politicians are still fighting a desperate battle to protect what they see as the UK's national turf. They think in regional balance of power terms – and agonise over the best way to balance Germany in Europe now that the Soviet threat has gone and has not (yet) been replaced by a Russian one.

The City thinks in terms of global competition and sees the importance of regional co-operation. It looks at the balance of power in global terms, wondering how best Europe can balance Asia and America.

As long as the gap between the economic and political world is so large, France will have no choice but to stick *faute de mieux* to working on a bilateral basis with Germany on European integration.

Whatever the limits and strains in the relationship between Paris and Bonn, the French have only one choice if the British attitude threatens a stalemate at the intergovernmental conference: to resort to a Franco-German initiative to relaunch the dynamic of Europe.

Seductive though the trilateral approach may be, there is quite simply no alternative to the bilateral approach if France wants to make progress towards the objective of an ever-closer European Union.

In any case, the well-known pragmatism of the British will force them – sooner or later – to join a process they cannot afford to be excluded from, politically or economically.

Dominique Moïsi is deputy director of Paris-based Institut Français des Relations Internationales. He writes here in a personal capacity

FINANCIAL TIMES

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Friday March 22 1996

The ins and outs of Emu

No question raised by European economic and monetary union is more contentious than how currencies initially outside Emu should be related to the euro. It is not as important as often supposed. But it must be resolved.

The political impetus behind the demand for tight discipline on outsiders comes from potential insiders, principally France. A particular target of its animosity has been Italy, whose currency depreciated by 38 per cent between September 1992 and April 1995. In reponse, the government of Mr Jacques Chirac is demanding that Italy should return to the exchange rate mechanism.

Such complaints are a concern because they may lead to illegal erosion of the single market. It is questionable, however, whether anyone has pursued "competitive devaluation". In Italy's case, for example, the depreciation of the lira was a by-product of a fiscal crisis that was far more threatening to Italy than the devaluation was to anyone else.

The serious questions are, first, what obligations do European states owe their neighbours and, second, how best should such obligations be implemented.

The most important part of the answer is that big countries should pursue stable, non-inflationary growth in nominal demand. The implication is that obligations are reciprocal. If, for example, peripheral countries are to peg exchange rates, core countries must stabilise their economies. In the 1990s, however, the latter failed to deliver on their side of the bargain, which is the main reason that exchange-rate arrangements proved so fragile.

The other reason for this fragility was that some countries made a mess of domestic policies, particularly fiscal policies. This provides the second part of the answer: at least for large countries, fixing the exchange-rate tail will not manage to wag the domestic policy dog.

The final part of the answer is that exchange-rate arrangements must be feasible and acceptable. The European Central Bank is, for example, unlikely to accept an open-ended commitment to support the currency of an economy in deep structural difficulty, which is precisely the sort of currency that needs support. In practice, any pegging to the euro will have to be unilateral and credible. For countries unable to enter Emu, that almost certainly means continuation of the 15 per cent divergence bands.

The most interesting case is then that of countries, such as the UK, that may choose to stay out. In practice, an exchange-rate peg is unlikely to add much to a commitment to domestic stabilisation because it would have little credibility. The best the rest of the EU can hope for from the UK is domestic stability. Not only have they every right to demand this, but the UK has an equally strong obligation to deliver.

A tortuous route

No-one could accuse the government of producing an elegant formula to break the impasse among Northern Ireland's political parties over the form of elections to the proposed new constitutional forum in the province.

The complicated combination of a constituency-based and a list-based electoral system represents the lowest common denominator among the competing models proposed by the parties. Its only saving grace appears to be that, despite the impenetrable arithmetic, voters will have to put only one cross on the ballot paper to choose the 110 representatives.

Predictably, the government's formula produced criticism from all sides. The Ulster Unionists voiced scorn at its complexity, while the nationalist SDLP has formally still to decide whether it will participate. But if the government has sometimes been less than adroit in its handling of Northern Ireland in recent months, the latest scheme probably offers the best way forward. In spite of their irritation, the main political parties have no credible excuse to boycott the poll.

Mr David Trimble, the Ulster Unionist leader, demanded the elections in the first place, while Mr John Hume, the SDLP leader, will find it difficult to block the only available route to the all-party negotiations he has so persistently demanded. If those negotiations begin as planned on June 10, the mechanics of the election will hardly matter.

Mr John Major, the prime minister, was also right to emphasise that the remit of the forum will be strictly limited. It will provide a useful base from which business, church and community leaders can reinforce the overwhelming desire in the province for peace, but its principal function will be to provide the negotiating teams for the all-party talks.

There are other unresolved issues. The London and Dublin governments must reach a final decision on whether to hold simultaneous referendums in the north and south of Ireland to underline the commitment of the electorate to peaceful negotiation. Mr Major is justifiably sceptical. The parties must also agree a set of ground-rules to ensure that the talks do not immediately run into a series of roadblocks.

The more serious questionmark hangs over Sinn Féin, the IRA's political wing. Mr Major rightly reaffirmed that, while Sinn Féin can participate in the elections, its entry to the subsequent negotiations is conditional on a restoration of the IRA ceasefire.

There are few grounds for optimism on this latter point. Mr Major has gone as far as he can, and should, go towards accommodating the republican movement. The signs, though, are that the IRA is more concerned with avoiding internal splits than with lasting peace. That leaves a still heavier responsibility with the constitutional parties to show that negotiations can lead to an equitable political settlement – however tortuous the route.

Persson's power

Mr Göran Persson, who was confirmed yesterday as Sweden's new prime minister, is clearly a man who revels in a challenge, and in the exercise of power. His record as finance minister of the Social Democratic government for the past 18 months has been impressive, as he steered the economy back from the brink of financial collapse. His tough budget measures cutting back welfare benefits and curbing the public sector deficit have gone far to restore the country's battered reputation on international financial markets.

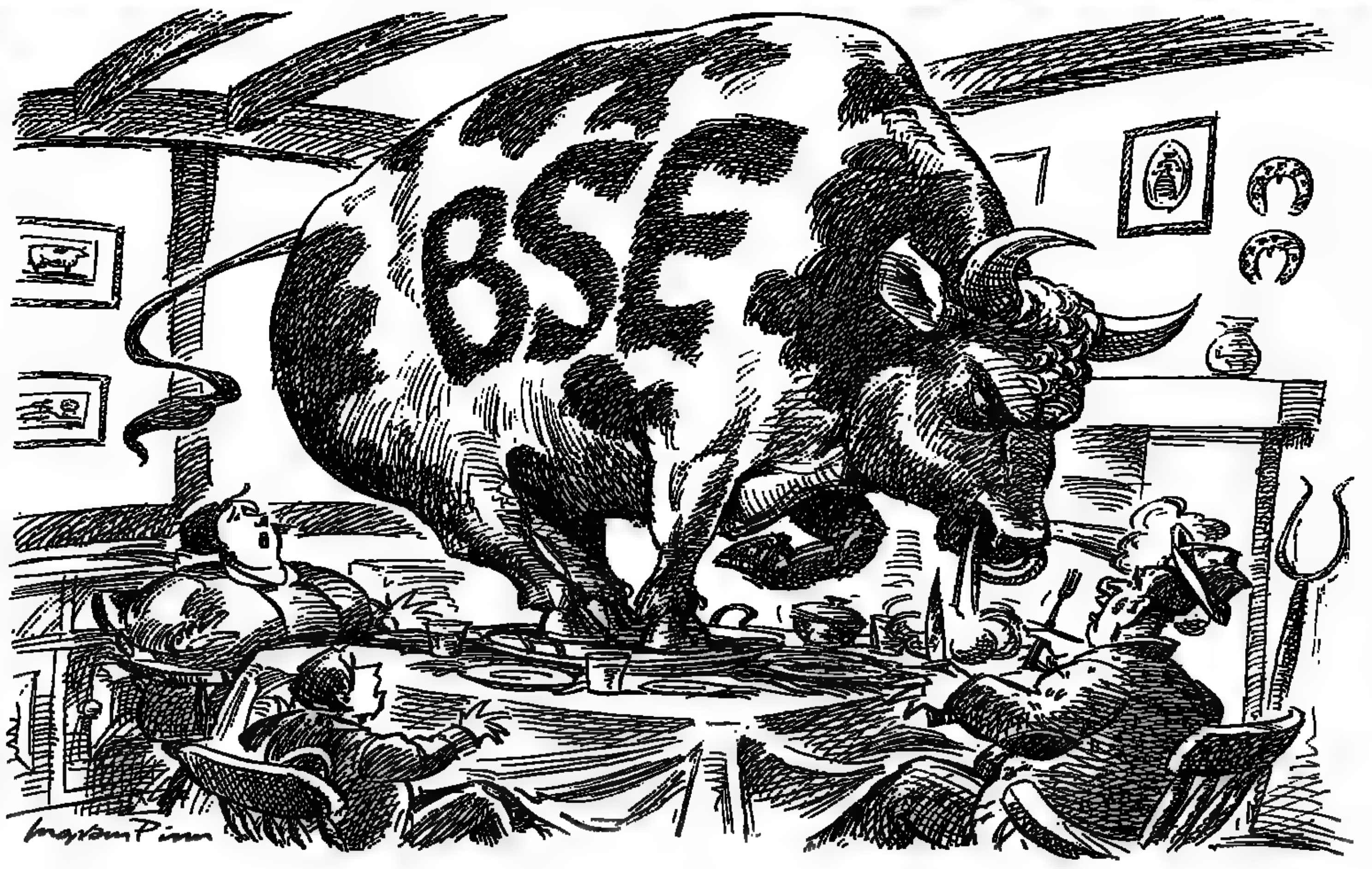
Yet the challenge he faces today is undiminished. He has to revive economic growth in order to reduce an unemployment rate which is now stuck at more than 12 per cent. And he has to persuade his party that to do so he must continue to cut back on bloated state spending, even if that means sacrificing precious features of Sweden's once-vaunted welfare state.

Total government spending as a proportion of gross domestic product remains far above that of the rest of the industrialised world. As finance minister, Mr Persson succeeded in reducing it from a peak of 72.5 per cent in 1993 to a forecast 64.9 per cent this year. Thanks to still swingeing taxation, government revenues should amount to 59.6 per cent of GDP, leaving a deficit of some 5.3 per cent to be financed. That is why, in spite of a string of rate cuts from the central bank in recent weeks, Sweden still has a real interest rate of 6 per cent.

Belying his reputation for budgetary rigour, Mr Persson shook the financial markets again in January when, in an apparent attempt to woo trade union support for his leadership bid, he promised to boost unemployment and sickness benefits from 75 to 80 per cent of salary levels in 1998. It was a disturbing sign that he may have to do more to please all factions in his party as prime minister than he did in the finance portfolio.

Social Democrat reformers know that a rethink of government policy means cutting back welfare benefits, improving labour market flexibility (to make it easier for employers to hire and fire) and promoting entrepreneurship. Those are the policies Mr Persson needs to embrace if he is to reduce the dead weight of government spending, encourage growth, and curb unemployment.

Significant numbers in his party believe such policies are being forced upon them by membership of the European Union, and the government's commitment to qualify for membership of economic and monetary union. The result has been an upsurge in Euro-scepticism. The truth is that such policies would be essential to restore the health of the Swedish economy, whether the country were in the EU or outside it. They require Mr Persson to stand firm.



A farmer's nightmare

Deborah Hargreaves on the crisis for UK beef producers over links between mad cow disease and human illness

Mr Richard Howells, a beef and sheep farmer on the hills above Port Talbot in Wales, was looking at the loss of a quarter of his annual income yesterday as he contemplated the latest scare over BSE or mad cow disease.

The government's statement on Wednesday, officially linking BSE with its human equivalent Creutzfeldt-Jakob disease for the first time, has thrown the meat industry into turmoil.

"It's a costly business rearing cattle. We'll have a lot available for sale through the summer and I can't see they'll make any reasonable price," said Mr Howells.

Cattle prices in Mr Howells' local market at Camarthen had dropped by £100 to £150 per animal yesterday morning to around £700, although very few were sold as traders anticipated a collapse in consumer demand.

At least one supermarket told its suppliers yesterday that it was suspending beef purchases. Export orders dried up almost overnight with many countries, such as France, Belgium and Sweden, banning all imports of British beef and live cattle.

"There's been an immediate reaction from all over the world. We've had phone calls from South Africa and Zaire putting orders on hold and questioning the safety of the beef already en route to them," said Mr Nik Askaroff, managing director of the ADM group, Britain's biggest exporter of boneless beef.

A loss of public confidence resulting from the latest scientific advice on BSE – Bovine Spongiform Encephalopathy – could prove catastrophic for Britain's meat industry. Farmers fear that the loss of sales, worth almost £4bn a year at the retail level, could mean the end of many of the 115,000 jobs directly connected with cattle farming and meat processing.

Around half of Britain's farmers derive some of their income from beef production. They are calling for more assurances from the government that will keep the public eating beef. "We are asking the government: 'Can you quantify the risks of eating beef and put them into perspective compared with other everyday risks that we all take?'" said one farmer.

The problem for farmers is that the government's scientific advice is not clear cut. The independent advisory committee set up by the government to study BSE reported that a new strain of the fatal brain disease, CJD, had been identified in 10 recent cases among teenagers and young adults, but it could not prove a definite link with BSE.

Mr Stephen Dorrell, health secretary, stressed yesterday that the advisers were only pointing to a possible link. It could take as long as two years before clinical trials amass enough evidence to prove or disprove a definite connection between CJD and mad cow disease.

"Any production industry faced with that degree of uncertainty over such a long period would be very concerned," said Sir David Naish, National Farmers' Union president.

Farmers have been here before. After BSE controls were instituted in 1988 following a spate of cases two years' earlier, cattle prices dropped by 45 per cent. Some meat processing and exporting companies were forced out of business by an international embargo on imports of British beef, and farmers faced financial difficulties. It took at least six months, a series of government safety measures and many public reassurances before beef demand began to recover.

The BSE epidemic was believed to have arisen from changes in the 1980s to the procedure for making meat and bone meal which was subsequently incorporated into cattle feed. It is thought that the change in temperature used in the rendering process allowed scrapie, a sheep disease similar to BSE, to pass into cattle feed through infected sheep tissue.

In 1988, the government banned the use of slaughterhouse waste and rendered-down sheep in cattle feed and ordered the slaughter of all livestock infected or believed to be infected with BSE. Since then there has been a decline in the incidence of BSE to 12,245 cases last year, compared with 36,681 at the peak of the epidemic in 1992.

However, the number of cases in the UK still remains higher than in other countries, where there have been occasional sporadic outbreaks of the disease.

The government has progressively tightened BSE controls and taken measures to ensure that organs implicated in the disease do not find their way into the food chain. This means that brains, spinal cord and other potentially infectious offal must be removed from meat at the slaughterhouse.

Last year, the government's inspectors found that these measures were not being applied stringently at all abattoirs. Mr Douglas Hogg, agriculture minister, said this week that the inspections procedure would be made even more rigorous.

Ministers say they are prepared to take whatever measures are necessary to secure the public health. Evidence of this is that they are thinking the unthinkable in farming terms and considering the possibility of destroying all 11m beef and dairy cattle in the UK.

Mr Hogg estimated yesterday that this could cost up to £20bn in compensation claims, loss of sales, the costs of importing beef and the knock-on effect among food companies and meat processors.

The government's scientific advisory committee is likely to consider again the possible destruction of the entire herd when it meets this weekend to discuss whether children should continue to eat beef.

"This would be a catastrophic blow. It would be a great sacrifice for the 100,000 farming families involved in beef production," said one NFU official. The union says it would certainly ask the government to provide compensation for losses involved.

Sir David says that the issue of compensation is not uppermost in many farmers' minds while they seek to restore public confidence in beef. But he plans to raise the issue at meetings today with ministers.

There are mechanisms in place as part of the European Union's Common Agricultural Policy to support the market if prices collapse. Once the price falls to a certain level, intervention buying of beef would be triggered. This beef is kept in EU cold stores until the market recovers or until it can be sold outside the EU.

EU intervention stocks have dwindled in the past year as production has gone down and prices have gone up. British intervention stocks have almost run out. This is partly due to a rise in the export market for British beef which has almost doubled in the past five years to 277,000 tonnes last year, partly due to the weakness of sterling.

With export trade worth at least £500m a year, farmers are worried at the prospect of losing that outlet. The EU's committee of veterinary experts meets today to decide whether to advise the EU to restrict exports of beef from Britain. Germany has long called for a ban on all shipments.

Until the EU decides on its collective advice over British beef, other countries are likely to put in place emergency bans which could have a long-term effect on British trade.

British farmers feel their industry has been under siege in recent years, with BSE scares persistently resurfacing. They have also faced widespread public protests on animal welfare issues, notably the shipment of British calves to the continent for rearing in veal crates.

Environmentalists say the tide may be turning against modern intensive farming methods. "We need to question what we've been doing over the past 30 to 40 years. We've created very intensive production methods which are not good for animals and are proving to be not good for humans either. It is time for a thorough-going review of Britain's farming industry," said Mr Peter Stevenson from Compassion in World Farming.

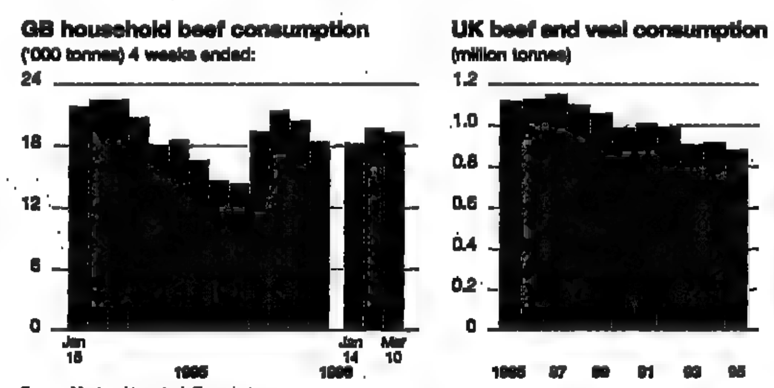
Consumer organisations have criticised the government for appearing complacent on BSE and appearing to defend farmers rather than stick up for consumers.

The Consumers' Association said the government had failed to ease public fears about the safety of British beef. It called for clear labels on meat products to show what was used in them. "We've asked the Ministry of Agriculture time after time to introduce clear labelling on all meat products and they've passed the buck to Europe," it said.

The ADM group's Mr Askaroff fears that the sort of labelling to reassure consumers will mark beef as being imported. "Supermarkets will slap 'imported' on beef, and the public will see that as a safety label which will end up killing the British beef industry," he said.

Farmers are confused and worried over the latest threat to their livelihoods. "I'm very sad and frightened. People are panicking and if they decide to slaughter all our cattle, the implications are astronomical. They can't just do away with an industry like that," said Mr Howells.

The changing market for meat



Source: Meat and Livestock Commission

· OBSERVER ·

Boom to bust, in easy steps

■ When Frank Vogl and Jim Sinclair were writing their new book, *Boom: Visions and Insights for Creating Wealth in the 21st Century*, they based a lot of their recommendations on their own experience of building a multinational enterprise – Sutton Resources.

Sutton, which is sitting on 3.5m ounces of gold in Tanzania and 1bn pounds of nickel, is a small west Canadian mining stock which wants to become a global player. It always seemed an unlikely role model.

But Vogl, who used to be head of public affairs at the World Bank, and Sinclair, a former Wall Street gold bug, persevered and have knocked together a blueprint which readers can use to take full advantage of an economic boom which could last for 30 years.

We are talking mega-trend stuff here. There are chapters on China's Emergence as a Super Power, Entrepreneurial Vision, and A Global State of Mind. However, Observer particularly likes the final chapter on Practicing What We Preach.

"If the judgements and perspectives we have outlined in this book are wrong, then it will not be difficult for the public at large to see the results," argue the two entrepreneurs. Indeed; the acid test will be the evolution of Sutton Resources.

Hence, *Observer* was more than a little disturbed to find that Vogl has stepped down from the Sutton board after a nasty boardroom row, and Sinclair, who has been deposed as chairman, is waging an increasingly acrimonious proxy battle to regain control of his company.

Plenty of room for a follow up tome on why waging proxy battles for control of public companies is the price you have to pay for global success.

Boom, boom.

Downhill racer

■ The new communications adviser to French prime minister Alain Juppé is evidently making his mark.

Last Sunday, the PM's worthy words during a prime-time television interview slot were barely noticed. All attention and subsequent press commentary focused on his softer, radiantly smiling, image.

On Monday, responding to criticism that he is not sufficiently "among the people" – and that he spends far too much time in elitist Paris – Juppé headed south for Bordeaux to attend the première of a new film in the town, where he somehow finds time to be mayor.

And yesterday, he was lunching (amidst much media attention) with Luc Alphand, the French skiing champion in the Alps.

That was perhaps *not* such a good idea. If Juppé has demonstrated his abilities in one area over the last few months, it is how to descend rapidly downhill – in the popularity stakes, at least.

Heavy flotation

■ Swedish financiers are not exactly masters of subtlety, if the current flotation of Scania, Sweden's heavy truck company, is anything to go by.

Rather than placing in the banks selling the shares some colourful posters, or some nattily illustrated brochures of trucks, they have gone for a rather more mammoth marketing tactic – parking the 16-tonne monsters outside.

Italian ski lift

■ World sport is hoping to be hit by a wall of money as media companies, sponsors and the rest struggle ever more bloodily to poach a slice of the action. If so, we can expect more dust-ups between sports stars and media hounds.

Yesterday, the father of Italian skiing star Alberto Tomba slammed the Italian media for putting "unbearable pressure" on his son, and said the Olympic hero had karate-kicked a photographer only after extreme provocation.

"In these circumstances, I am certainly not going to be the one to encourage Alberto to carry on skiing," Franco Tomba said. "He never has a moment's peace. He is besieged, hunted... Reporters are all over him, the photographers pursue him and everything he does is a scandal."

An Italian photographer has accused Tomba of assault, and said he filed a complaint with police on Tuesday after the Olympic and world champion allegedly felled him with a karate kick as he left a party in Florence.

The Italian photo-reporters' association, AIRF, has invited its members to boycott Tomba. "Don't photograph Tomba any more, in private, in public – not even on the slopes," it wailed.

Sounds like bolting the stable door after the horse has kicked it to pieces.

Fiery furnace

■ A Polish journalist recently got the ultimate assignment, an interview with Lucifer.

The Devil obligingly gave the scribbler a guided tour of Hell, showing the cauldrons of boiling oil containing sinners, from which they were prevented from leaving by minor devils armed with pitchforks.

Then the reporter notices one cauldron has no guards, and asked Lucifer why. "Oh, the Poles are in that one. We find they don't need guards. If one tries to get out, the others pull him back in."

The Financial Times

50 years ago

Argentina after the election
Argentina, in common with most Latin American republics, is experiencing conditions of acute monetary inflation. The situation in this respect was serious enough a year ago, when the Government was paying lip service to its determination to bring inflation under control by recourse to all the orthodox anti-inflation expedients. In the absence of any effective action in the interval, however, and, indeed, mainly because of steeply increased Government spending throughout 1945 and a whole series of Government decrees that were directly inflationary in their effects, the situation has now become more serious and is inspiring well-founded fears in responsible sectors of Argentine opinion.

Growth of Jo'burg Exchange
Mr A.D. Viney, the retiring chairman of the Johannesburg Stock Exchange, stated that the membership to-day stands at 232, including members at Cape Town, Durban, Pretoria, and other centres, of whom 200 have taken out broking licences. Regarding the proposed Stock Exchange Bill, Mr Viney said "the original draft was based on the report of a departmental committee, and came as a shock owing to the restrictions embodied being greater than those placed on the London Stock Exchange."

FINANCIAL TIMES
Friday March 22 1996

Swedish pipe maker urges break-up of Euro 'cartel'

By Hugh Carnegy in Stockholm and William Lewis in London

Powerpipe, the Swedish pipe maker, yesterday called for early action to break up a suspected cartel within the European district heating industry.

The company, which is not part of the suspected cartel, said that its executives had felt intimidated by the actions of the alleged market-fixing ring.

The Financial Times yesterday disclosed that European Commission investigators suspect the alleged members of the cartel – including ABB, the giant Swiss-Swedish engineering group – of organising reprisals against Powerpipe.

Mr Claes Wachtmeister, owner of Stockholm-based Birka Business Development, the company that owns Powerpipe, said: "At times it has been a nightmare for myself and my executives. We have felt under intimidation and we have been advised to increase security at our offices and homes."

The Commission said yesterday: "Some elements that our inspector brought back [after the raids] seem to indicate something not in line with competition policy. We might be able to say more about the file in the summer or the beginning of the autumn."

ABB said the European Union had sent it a letter informing it "of these allegations and asking questions about the subject as is normal procedure in suspected cases like this". It went on: "ABB will fully co-operate with the EU authorities on this issue."

ABB also said the Commission's investigation, which has been going for a year, "concerns a multiple of companies, among them ABB". Revenues from district heating, it said, represented a small proportion of the company's total annual revenues.

Mr Wachtmeister called for the suspected cartel to be broken up immediately. "We have been under constant attack by the cartel since we first joined the market eight years ago and the pressure on us has not decreased in spite of the Commission's dawn raids," he said.

He noted that ABB said yesterday the company had strict rules about always obeying the law.

"I'm extremely surprised that ABB does not comply with their internal rules they have apparently set up."

Powerpipe, which is based outside Gothenburg, has built up a strong position in its home market, with a market share of over 30 per cent. It has also won big contracts in Germany, Poland, Russia and as far afield as China.

But Mr Wachtmeister said it had run into concerted attempts by the suspected cartel at every stage to force it to join the cartel or to squeeze it out of markets.

"The more we win business, the more they get mad," he said. "One of their methods is organised price dumping to get us out. In Sweden, after the 25 per cent devaluation of the krona in 1992, prices fell, despite the manufacturing costs of our main rivals in Denmark rising in comparable terms. When we went into the market in Finland in 1992, prices fell by 40 per cent."

A letter written by the Commission and passed to the Financial Times said documents seized by investigators showed that "members of the suspected cartel possibly threatened a collective boycott on both Powerpipe's suppliers and customers, in order for them to break their business connections with Powerpipe".

Theft of US corporate secrets costs business $2bn a month

By Christopher Parkes in Los Angeles

Theft and leakage of corporate and industrial secrets in the US has more than trebled in the past three years and may now be costing business $2bn a month, according to a study by the American Society for Industrial Security.

Corporate strategic plans have displaced customer lists as the most sought-after items, which are most frequently hijacked by employees and other "trusted" associates.

The move towards corporate streamlining may erode employee loyalty, while using outside workers and joint ventures increases the risk from predators – who the report says are especially active in the UK, home to many US groups' subsidiaries.

Asis, an association for security experts, bases its findings on returns from 325 companies which account for 5 per cent of the US workforce and, with aggregate revenues of more than $600bn, almost 9 per cent of gross national product.

It says 73 per cent of incidents reported in the poll took place in the US. Even so, almost half the overseas "attacks" were detected in Britain, Canada and Germany. "It would be prudent to take precautions when dealing with these nations," the report suggests.

High-tech industry is the main target of intellectual property thieves, whose booty includes company strategies, research and development data, manufacturing processes, patents, trademarks and copyrights, customer lists and confidential information on mergers and acquisitions.

While technology companies emerge among those doing most to protect themselves – 58 per cent have established security policies and systems – only 48 per cent of manufacturers and 29 per cent of service businesses say they take similar precautions.

Fewer than half the companies who responded had elementary defences such as the controlled destruction of sensitive materials to protect against theft from rubbish bins.

The report warns that attempts to gain legal redress for alleged damage arising from the loss of industrial secrets depend largely on the plaintiffs' ability to demonstrate that they have formal security measures designed to protect their material.

These include written instructions for employees and explicit references in worker orientation courses. As the survey shows, basic elements such as identification badges, issued by only 54 per cent of companies who responded, visitor controls (60 per cent), marking, classification and identification of sensitive material (40 per cent), and random bag searches at exits (25 per cent) were missing from many companies.

Where companies were able to identify how their security had been breached, the most common method was information gained by a specious telephone call, followed by hacking into the target's computer system.

British beef imports banned in four countries

Continued from Page 1

have to be structured to avoid circumvention through imports by way of third countries.

The Bonn government, which has been severely criticised in the past by some politicians for not acting unilaterally against BSE, said it was convinced that effective consumer protection could only be provided on an EU-wide level.

The announcements came as the Commission began preparations for today's previously scheduled meeting of veterinary experts, which will consider what action it should take to protect consumers.

The French government said it was banning the import from the UK of live beef and carcases, which totalled 110,000 tonnes last year, "until further notice".

But the main French farm union expressed concern that local consumers might take fright about buying beef of any origin, and switch to other meats.

Russia to sell $500m in bonds to foreign investors

By John Thornhill in Moscow

Russia will this month attempt to sell $500m of high-yielding state bonds to foreign investors, indirectly helping to fund President Boris Yeltsin's promises to increase social spending before presidential elections in June.

The sale will give international investors far wider access to the previously restricted and high-yielding Russian Treasury bill (GKO) market, although the bonds will be designed for foreigners and offer a lower yield than on the domestic market.

The placement of bonds, marketed by Merrill Lynch, the US investment bank, will help the Russian government fund its spending commitments without reverting to its old practices of printing money and fuelling inflation.

Some analysts suggest the central bank's GKO issue has come close to exhausting domestic sources of capital and it has little option but to open the market to foreign participation. Annualised yields on six-month GKOs rose to 115 per cent at Wednesday's auction, reflecting low demand from domestic investors.

"This very steep climb in yields reflects a lack of liquidity as much as concerns about the presidential elections," one market analyst said yesterday.

The GKO market's nominal value was $13bn at the end of 1995, helping the government cover 64 per cent of its budget deficit. Some economists have expressed concern about the sustainability of the market's expansion given such an astronomic cost of borrowing.

But the central bank argues the market is still comparatively small by international comparisons. At the end of last year, the government's indebtedness in the GKO market stood at 4.3 per cent of GDP – considerably less than in most developed nations.

Government ministers have nevertheless openly fretted that too many banks have diverted funds into the government bond market rather than investing in the productive economy. This has led to limited attempts to open up the GKO market to foreign investors in Moscow and drive down yields.

Some Russian banks have opposed the entry of foreign investors, fearing too sharp a fall in yields would undermine their own liquidity. Some cash-strapped Russian banks have 90 per cent of their assets tied up in government bonds.

The GKO instrument offered to foreign investors will be a one-year bond likely to give an annual return of about 15 per cent. This represents a considerably lower return than that available to Russian GKO investors but is seen by the government as a sensible "halfway house".

THE LEX COLUMN

Smoke screen

FT-SE Eurotrack 200: 1678.2 (+0.3)

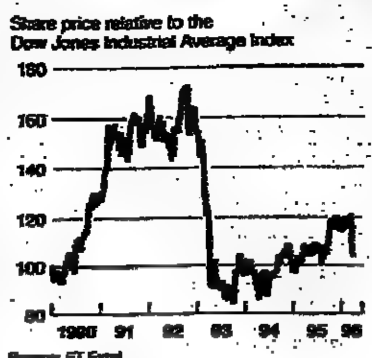
Litigation has cost the world's leading tobacco companies nothing but lawyers' fees, but the impact on stock market valuations has been enormous. So there is no surprise that the industry is looking for ways to cap its exposure. The price/earnings ratios of Philip Morris and BAT Industries are about 30 per cent lower than their respective markets because of concerns over US legal cases against them. And this is at a time when emerging markets are boosting profits growth from cigarettes, which would normally point to a rerating. This discount amounts to a $32bn shortfall in market capitalisation for Philip Morris and £7bn ($10.7bn) for BAT. There is a lot at stake.

The idea that cigarette companies could agree to a US government levy in exchange for immunity from prosecution would be a mutually beneficial solution. But it is hard enough to see a consensus of federal and state governments and the judiciary being formed, let alone the myriad of tobacco lawyers giving up the possibility of pounds of flesh. Moreover, any push by the tobacco companies to encourage this scheme would carry the whiff of guilt, and could prove costly.

There is little likelihood of a quick fix to the tobacco industries' litigation burden. Nonetheless tobacco shares have short-term attractions. They have been hard hit by Liggett's proposed out-of-court settlement of various lawsuits. Liggett's moves say much about its attempts to break up RJR Nabisco and then merge with RJR, and little about the strength of the tobacco industry's legal case.

Philip Morris

Share price relative to the Dow Jones Industrial Average Index



Source: FT Extel

Crédit Lyonnais

Crédit Lyonnais' small profit of FFr1.14bn ($226m) last year may look impressive compared with the dramatic loss of more than FFr12bn in 1994, but it does not mean that the state-owned bank's painful troubles are over.

Last year's rescue package involved the removal of around FFr130bn of assets into a separate company called CDR. The interest on these assets is based on money market rates. But many of Crédit Lyonnais' liabilities are substantially fixed-rate. This means that as short-term French interest rates have been cut the interest income from assets has fallen while the interest on liabilities is constant. Sooner or later, the bank will have to take a further hit as a result of this mismatch of assets and liabilities. The mismatch could easily have been avoided by hedging in the swaps market. And unlike some previous mistakes, such as excessive property lending, this one cannot be pinned on the previous management.

The more fundamental question raised by yesterday's numbers is whether the bank's underlying business is profitable. If it is – and the revisions, yet again, to the previous year's numbers make the picture more confusing than ever – it must be marginal. Given the grim state of the French banking sector, the future of the group hardly looks secure, even after last year's massive injection of government funds. The need to cut costs appears more pressing than ever. Not surprisingly, though, staff are proving reluctant to sacrifice their jobs as a result of management incompetence.

Guinness

Guinness continues to carry a bitter taste for its shareholders. Its Spanish brewing business Cruzcampo goes from bad to worse. The heady margins once achieved on Japanese spirits sales have been eroded by recession and by a fundamental change in the distribution system, resulting in a £22m ($33.7m) drop in profits. And austere European markets continue to offset the impact of meagre price increases on its range of spirits brands elsewhere.

But the outlook is much more promising. Over the past three years Guinness has reduced its headcount by 4,500, and savings from last year's restructuring will fund much of this year's increase in marketing expenditure. A raft of price rises on spirits brands should help achieve an overall increase of close to 2 per cent, translating into around £40m of profit. Heavy investment in emerging markets continues to reap rewards. Meanwhile, the depressed Japanese market looks set for a recovery.

The shares are trading at a market rating, but profits are set to grow more rapidly than the market average. In addition, strong cash generation means that Guinness' balance sheet is under-utilised, with a debt to market capitalisation ratio of just 13 per cent. Given the management's caution on the benefits of consolidation in the spirits industry, it should hand back cash through earnings enhancing share buy-backs. And there is even greater hidden value for long-suffering shareholders. There is little industrial logic for Guinness' combination of spirits and brewing businesses. And a demerged brewing company would attract a substantial bid premium.

Severn Trent

The emergence of a second potential bidder for South West Water yesterday is good news for the company's shareholders and customers. Both must feel they deserve it after a rough ride. The regulator, who must also be rubbing his hands at the news, no longer faces the implicit threat that a single suitor will walk away, and is therefore likely to wring substantial benefits for customers out of the victor.

As to the likely winner, the fact that Severn has decided to enter the race in full knowledge of Wessex's interest suggests it believes it can go the distance. Severn's larger size is not necessarily an advantage. The smaller Wessex would reap proportionately greater earnings enhancement. It should also be able to wring greater savings out of a deal, as a result of its contiguity. Still, although Wessex has a stronger balance sheet, Severn Trent's size means it could still probably outgun the smaller company by leveraging up.

Given the commitment of both potential bidders to operate South West under a separate licence, it is hard to imagine that the bids will be blocked by the Monopolies and Mergers Commission. What is difficult to understand is why Severn Trent should trigger a bidding war for South West Water rather than simply finding another target. Given the time taken by the Monopolies Commission referral, it may well have sacrificed this option. And despite estimated cost savings of £30m-£40m from a takeover, there is a distinct possibility that the successful bidder will overpay for what is widely acknowledged to be a poorly performing company.

Additional Lex comments on BET/Rentokil and Thames, Page 26

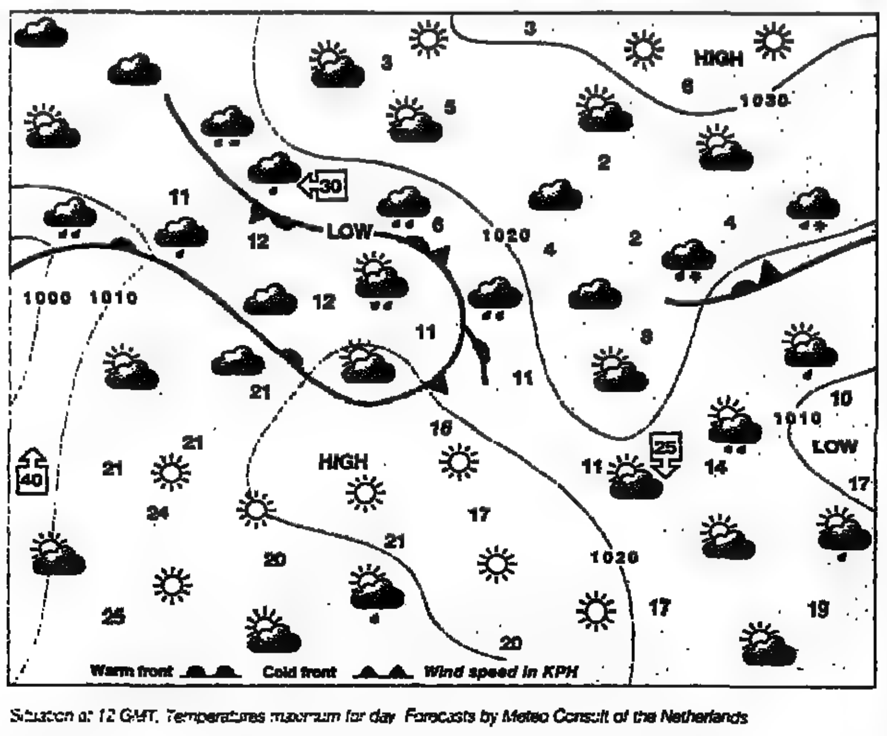
FT WEATHER GUIDE

Europe today

Southerly winds across south-western Europe will bring widespread sunshine and temperatures of more than 20C across most of Spain and Portugal. South west France will also be sunny and warm. However, a band of cloud and patchy rain will stretch from the UK towards central Europe, and temperatures in the affected region will range between 6C and 12C. As a result of high pressure over Russia and Finland, southern Scandinavia and eastern Europe will remain dry with sunny periods, although temperatures will remain low. Italy and Greece will be dry with sunny periods, while Turkey will be cool with showers.

Five-day forecast

The mild and sunny conditions in Spain and Portugal will spread towards southern regions of the Benelux, Germany and the UK. Central Europe will become milder, but it will remain cold further to the east and north. Portugal and Spain will have some thundery showers. The Mediterranean will be mainly dry with sunny periods and steadily rising temperatures.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum		Beijing	fair	12	Caracas	sun	29	Faro	sun	19	Madrid	sun	21	Rangoon	sun	34
	Celsius		Belfast	fair	10	Cardiff	rain	10	Frankfurt	shower	13	Majorca	fair	18	Reykjavik	sleet	3
Abu Dhabi	sun	29	Belgrade	fair	11	Casablanca	sun	22	Geneva	shower	16	Malta	fair	18	Rio	cloudy	26
Accra	fair	32	Berlin	cloudy	8	Chicago	fair	5	Gibraltar	sun	16	Manchester	fair	11	Rome	fair	17
Algiers	sun	20	Bermuda	shower	22	Cologne	shower	13	Glasgow	cloudy	8	Manila	fair	32	S. Frsco	fair	16
Amsterdam	shower	9	Bogota	fair	19	Dakar	sun	25	Hamburg	cloudy	10	Melbourne	fair	24	Seoul	fair	14
Athens	fair	12	Bombay	fair	33	Dallas	fair	23	Helsinki	sun	3	Mexico City	sun	27	Singapore	shower	32
Atlanta	sun	16	Brussels	shower	11	Delhi	sun	30	Hong Kong	rain	20	Miami	sun	24	Stockholm	fair	5
B. Aires	thund	27	Budapest	fair	9	Dubai	sun	29	Honolulu	fair	27	Milan	fair	16	Strasbourg	shower	13
B.ham	cloudy	10	C.hagen	fair	6	Dublin	rain	10	Istanbul	shower	8	Montreal	snow	3	Sydney	shower	24
Bangkok	sun	37	Cairo	sun	21	Dubrovnik	fair	14	Jakarta	fair	31	Moscow	sun	8	Tangier	sun	21
Barcelona	sun	17	Cape Town	sun	26	Edinburgh	shower	8	Jersey	rain	9	Munich	rain	10	Tel Aviv	shower	18
									Karachi	sun	33	Nairobi	shower	29	Tokyo	fair	17
									Kuwait	fair	23	Naples	fair	18	Toronto	snow	2
									L. Angeles	fair	20	Nassau	fair	25	Vancouver	rain	10
									Las Palmas	fair	23	New York	cloudy	8	Venice	fair	14
									Lima	fair	27	Nice	fair	16	Vienna	rain	9
									Lisbon	fair	20	Nicosia	fair	17	Warsaw	fair	5
									London	rain	12	Oslo	fair	3	Washington	fair	11
									Luxbourg	rain	11	Paris	cloudy	13	Wellington	rain	18
									Lyon	fair	16	Perth	shower	21	Winnipeg	cloudy	0
									Madeira	rain	20	Prague	rain	9	Zurich	rain	12

FINANCIAL TIMES
COMPANIES & MARKETS

Friday March 22 1996

IN BRIEF

IBM and Stet talks reach 'final stages'

Talks about a global telecommunications alliance between International Business Machines, the US computer group, and Stet, Italy's state-controlled telecommunications holding company, have "reached the final stages", Stet's chief executive has said. "The talks are going in the hoped-for direction, but when lawyers are at work, it's better not to commit oneself on the timetable," Mr Ernesto Pascale said. Page 24

Axa shrugs off depressed market
Axa, the French-based insurance group, unveiled net income up 20 per cent to FFr2.73bn ($530m) for 1995 in spite of unfavourable currency fluctuations and the depressed state of the French property market. The increase was helped by improved underwriting results from non-life business and better life assurance performance from Equitable of the US. Page 22

LVMH posts 10.3% rise for year
LVMH, the French luxury goods group, reported net income up 10.3 per cent to FFr4.1bn in 1995, much of which it claimed was the result of its decision to reduce its involvement in the drinks sector. Page 22

Mexico shows potential for insurers
Mexico's troubled banking sector may draw more attention, but its insurance industry is attracting foreign interest as domestic groups consolidate. Though the sector is unproven and its current performance is faltering, banks and corporations believe it has potential. Page 24

Standard Chartered to arrange China loan
Standard Chartered, the UK-based bank, is arranging a $124m, seven-year credit for a power station project in Shanghai, believed to be the first international financing for such a venture in China for several months. Page 25

Orient Overseas climbs to $66.8m
Orient Overseas, the Hong Kong shipping group, has announced net profits of US$66.79m for 1995, an increase of just under 16 per cent from the previous year. Page 25

Subsidiaries' strength helps Ayala
Ayala Corp, the Philippines' largest diversified holding company, more than doubled net profits to 5.48bn pésos ($209m) in 1995 on the back of strong growth in all its subsidiaries. Page 25

Restructuring benefits APV
APV, the food and drink equipment manufacturer, showed the benefits of its restructuring last year. The company, which incurred £18.2m ($28m) losses in 1994, bounced back with pre-tax profits of £26.9m. Page 26

Hepworth slips after second half setback
A free fall in UK housebuilding in the second half of last year meant Hepworth, the building materials and central heating boilers group, was unable to maintain full-year profits. Page 26

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)				Canal Plus	1175	+	44
Rises				Essilor Intl	1010	+	65
Didier-Werke	112.8	+	4.8	Euro RSCG	558	+	13
PWA	207	+	4	LVMH	1182	+	45
Varta	271	+	5.5	**Falls**			
Zanders Feinpp	106	+	6	SGS-Thomson	184	–	6
Falls				**TOKYO (Yen)**			
Lahmeyer	612	–	12	**Rises**			
NEW YORK ($)				Aoyama Trading	3230	+	270
Rises				Dowa Fire & Mr	650	+	34
Devry	34⅞	+	2	Koito Mard	769	+	64
Oakwood Homes	51¾	+	2¾	M'bishi Matls	568	+	36
Trump Hotels	28⅝	+	2⅝	Seibu Railway	4870	+	320
Falls				**Falls**			
Cabletron Sys	70⅝	–	3¼	Long Term Cred	795	–	44
Solectron	42⅛	–	2⅝	**HONG KONG (HK$)**			
Sthn Pacific	23⅝	–	1¼	**Rises**			
LONDON (Pence)				Furama Hotel	12.45	+	0.45
Rises				Lane Crawford	12.15	+	0.55
Probus	61	+	8	Nanyang	9.5	+	0.6
Tomkinsons	234	+	26	**Falls**			
Falls				Kingmaker	1.1	–	0.08
Applied Dist	153	–	10	Qingling Motors	2.45	–	0.1
Go-Ahead	309	–	35	Tse Sui Luen	2.2	–	0.175
Sims Food	22	–	3				
Whitchurch	40	–	6	**BANGKOK (Baht)**			
TORONTO (C$)				**Rises**			
Rises				Far East	169	+	12
Pinnacle Intl	13⅝	+	1⅛	Interlife Ins	70	+	5
Prudent Steel	12	+	¼	Intl B'cast	42.5	+	3.75
Falls				Nation Publ	82	+	5.5
Guyanor Res B	13	–	⅝	Thanakan	75.5	+	6.5
Liquidation Wrld	15	–	1½	**Falls**			
Major Drilling	7	–	¼	Tipco	31.25	–	2.75
Raymock Yellow	9½	–	⅜				
PARIS (FFr)							
Rises							
AXA	310.9	+	6.6				

New York and Toronto prices at 12:30.

Crédit Lyonnais returns to profit for year

French bank in black for first time since 1991 but sees problems

By Andrew Jack in Paris

Crédit Lyonnais, the banking group controlled by the French state, scraped back narrowly into the black in 1995 with its first full-year profit since 1991. However, it warned yesterday that its problems were far from over.

Mr Jean Peyrelevade, chairman, said that the bank was now "marching on two feet again" operationally, but still faced considerable challenges during 1996 to cope with the competitive pressures in France and the lingering financial effects of its rescue plan brokered last year.

The bank reported net income of FFr13m ($2.6m) after payments to shareholders and contributions to the government in accordance with the FFr135bn restructuring plan finally approved last autumn, which was designed to clear up the problems of the past.

The figure was the result of intense discussions over the last few days. Executives had considered taking additional provisions which would have meant the bank reporting a loss for the year but revised the accounts to provide a positive result.

Crédit Lyonnais finally decided not to pass provisions against the FFr2.5bn of estimated additional 1996 costs required to finance the loan it has made against assets removed from its balance sheet for sale as part of the restructuring package.

During 1995, it had to absorb FFr560m in costs – which reflected the difference between FFr9.41bn in financing the loan against its ceded assets and FFr8.85bn in revenues paid out on this loan.

It has been caught by the reduction in interest rates over the last few months in France, since its revenues on the loan are falling in line with the market rates while the costs of the loan were locked in at higher rates, two-thirds of them at fixed rates.

As a result, it now estimates that the costs of supporting the loan on its restructuring will cost FFr700m more in 1996 than its projections last year.

Mr Peyrelevade said there were no negotiations under way with the French state to restructure the financing of the rescue plan but said that if it continued as at present it "risked a problem".

Aside from the refinancing, and after changes to its accounting policies, Crédit Lyonnais reported banking revenues for 1995 down 5 per cent to FFr43.4bn. Its new provisions were more than halved, down from FFr13.9bn to FFr5.8bn, and its operating profit rose to FFr6.7bn (FFr6.2bn).

Mr Peyrelevade stressed the bank had gone a long way towards meeting its commitments to sell of activities in Europe outside France as part of the restructuring plan.

He said more work was needed to control costs, improve risk control and deal with problems.

Crédit Local lifts payout, Page 22; Lex, Page 20

McDonald's buys Italian restaurant chain

By Andrew Hill in Milan and Richard Tomkins in New York

McDonald's, the world's biggest fast food chain, yesterday announced its biggest international acquisition with an agreement to buy the 80-strong chain of Burghy restaurants in Italy.

The move is unusual for McDonald's because the company has previously expanded by building its own restaurants. However, it said the Burghy acquisition represented a "unique opportunity" to treble the company's size in Italy.

The US group yesterday signed a letter of intent to buy the restaurants from Cremonini, the private food and catering group.

As part of the deal, the Cremonini group said it "would become a meat supplier to McDonald's in Italy". No price was indicated and neither company would comment further on the detail of the deal. The companies, which have been advised on the deal by Banca di Roma, said they would provide more information on Monday.

If the takeover goes ahead it will end McDonald's unaccustomed position as the underdog in the Italian market. Until a year ago, when the US group relaunched its operations on the peninsula, McDonald's had only 26 restaurants, compared with, at that point, 560 in Germany, 350 in France and 580 in Britain.

Since then, Mr Mario Resca, the chairman and minority shareholder of McDonald's Development Italia, the vehicle for the Italian business, has added 12 restaurants, stepping up competition with Burghy in the main city centres. Sales at McDonald's in Italy rose to L107bn ($69m) in 1995, up 28 per cent, while Burghy increased sales by 25 per cent to L200bn.

A takeover of Burghy would not only remove McDonald's main competition in Italy, but also leapfrog strict rules on planning permission which limit the number of fast food restaurants and *jeanserie* (jeans shops) in historic centres.

Burghy was founded in the early 1980s by the state-owned SME food and catering group, and picked up prime sites in most Italian cities. The chain, deliberately designed as a near-copy of McDonald's, was bought by Cremonini in 1985.

Recently Cremonini confirmed it was considering selling Burghy to reduce debt.

Ansa, the Italian news agency, yesterday said Modena-based Cremonini had also received offers for Burghy from Quick, the Belgian fast food chain, and Burger King, part of Grand Metropolitan of the UK.

McDonald's expansion in Italy fits in with the group's international growth strategy. In January, the US group said it planned to open 2,500-3,200 restaurants a year in 1996 and 1997.

In France, where McDonald's has more than 400 restaurants, it plans to open 80 branches this year.

Tenneco completes break-up strategy

By Tony Jackson in New York

Tenneco, the US conglomerate, has completed its break-up strategy with the proposed spin-off of its Newport News shipyard, followed by the demerger or sale of the energy business on which it was founded.

The two are thought to have a combined value of more than $3bn. Tenneco does not intend to retain a stake in either business.

The deals confirm 1996 as a record year for spin-offs. According to J.P. Morgan, one of Tenneco's advisers, the value of spin-offs announced this year, not including Tenneco's, is $60bn. This compares with $48bn in 1995 and less than $5bn in 1991.

The spin-offs, which follow those of Case, the farm equipment business, and Albright & Wilson, the UK chemicals company, will leave Tenneco with two divisions, packaging and auto components. The two contributed 59 per cent of group sales last year and 53 per cent of its profit.

Newport News, based in Virginia, is America's biggest private shipyard, with sales of $1.8bn last year and profits of $160m, down from $200m the year before. It works mainly for the US Navy, and is the only US shipyard capable of building and refitting nuclear aircraft carriers.

Its market value after a free spin-off to shareholders is put as high as $1.3bn on a debt-free basis. However, it is expected to borrow up to $650m, which it will pay to Tenneco as a one-off dividend.

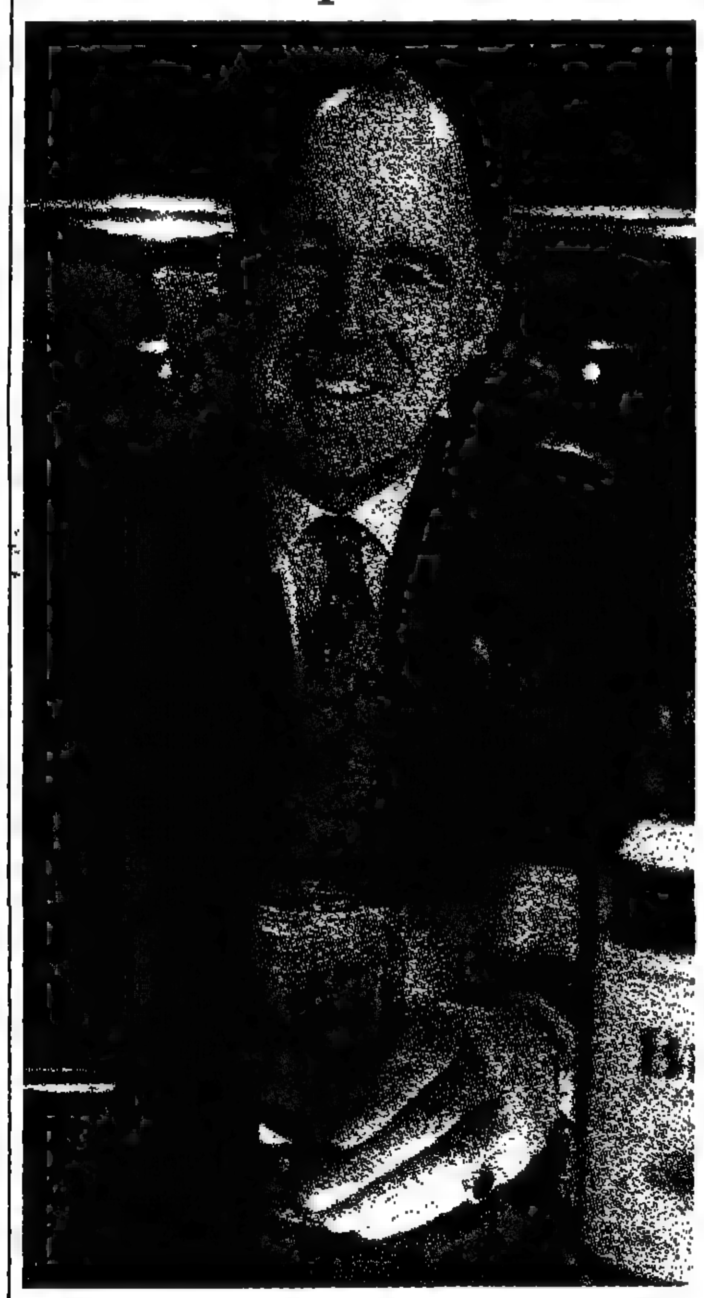
Tenneco's energy division – the original part of the business, founded in 1943 as the Tennessee Gas and Transmission Company – will be spun off free or sold to another company. As a sale would entail a heavy tax liability, a spin-off is more likely.

The division, which had profits of $333m last year on sales of $1.9bn, runs one of the biggest natural gas pipeline systems in the US. Its estimated value – if free of debt – is about $2bn.

Tenneco said it aimed to maintain aggregate dividends from the three companies at the current level of $0.45 a quarter. It would take steps to ensure its bonds retained investment grade status.

Yesterday's announcement had been expected, and Tenneco's shares responded quietly with a rise of $⅞ to $56⅞ in early trading. Since January, when the company hinted at further divestment in response to a flagging share price, the stock has risen 15 per cent.

Guinness spirits weaken



Ashley Ashwood

Guinness, the UK spirits and brewing group, yesterday reported a 4 per cent decline in pre-tax profits last year to £876m on flat sales. Tony Greener (above), chairman, said the the spirits arm had not had an easy year. Lex, Page 20; Story, Page 26

Buoyant Vereinsbank plans overseas expansion

By Andrew Fisher in Munich

Bayerische Vereinsbank yesterday said it planned to expand overseas and in Germany and was optimistic about further growth in profits this year after a positive performance in the first two months.

Mr Albrecht Schmidt, chairman, said Vereinsbank would seek to raise the share of profits earned outside Germany, from the present "far too little" 12 per cent, increase its share of domestic private customer business from under 5 per cent and strengthen its asset management side.

The group, which includes Vereins- und Westbank in Hamburg, has already reported a 30 per cent rise in annual operating profits to DM1.38bn after risk provisions (down 24 per cent to DM721m), with net profits 16 per cent higher at DM657m. Earnings per share rose to DM2.52 from DM2.38.

The group's pre-tax return on equity rose from 13.4 per cent to 15 per cent. Mr Schmidt said the goal was 20 per cent "as early as possible". But he said this would not be easy to achieve.

This year, Vereinsbank, Germany's largest mortgage lender, would produce a slightly higher interest surplus, a marked improvement in commission business and a good financial trading result. Loan loss provisions should remain stable and the rise in operating costs decelerate further.

Last year, the increase in running and staff costs was 6 per cent against 12 per cent in 1994, he said. "But we do not believe in cost-cutting by the lawnmower method or through investment pauses. That is not efficient management."

Much of the bank's recent spending has been concentrated on technology and new services. Of last year's investments, DM200m went on building treasury operations and new data processing equipment. Today, it will give details of its new direct bank, Advance Bank, which aims to break even by 1999.

Mr Schmidt said the group was determined to grow outside Germany. "We want to build up this share [12 per cent of profits from abroad] significantly, not just by 1, 2 or 3 per cent." This would involve being active in more countries – it opened operations last year in Singapore, India, Mexico and Poland and will soon be in Vietnam – and developing more corporate, treasury and other foreign business.

He reaffirmed Vereinsbank's ambitions of growing in asset management, where it planned to concentrate its activities in a single unit. With Germans due to inherit DM2,600bn-worth of assets by 2000, the bank was keen to participate in this market.

The search was still on for asset management acquisitions in the US and elsewhere, following the recent failure to buy New York-based Oppenheimer & Co because of regulatory hitches. "We are looking around the world with our eyes wide open," he said.

UK water industry braces for tug-of-war bid battle

By Patrick Harverson in London

The prospect of the first takeover battle between rivals in the UK water industry emerged yesterday after Severn Trent announced it was seeking regulatory clearance to make an offer for South West Water, the regional utility already facing a proposed bid from neighbouring Wessex Water.

News of the bid, which caught the market by surprise, pushed shares in South West up 44p to 659p. Severn Trent fell 21p to 618p and Wessex 7p to 331p.

However, a full bid battle will be delayed until mid-summer, when the Monopolies and Mergers Commission is expected to have completed its examination of the Severn Trent and Wessex proposals.

Industry regulations require that all water company bids be examined by the MMC. It is expected to review both offers in tandem before submitting its report to the government.

Mr Vic Cocker, chief executive of Severn Trent, said if its bid were successful "significant" price cuts would be available in the first year to South West Water's customers, who now pay the highest water charges in the country.

Severn Trent, which has the second lowest charges, said the cuts would be possible because of economies of scale. It said it would probably make an all-cash bid for South West. Wessex has indicated it intended to launch a cash, or largely cash, bid.

If the MMC clears the two proposed offers, they are likely to be contested by South West, which yesterday described Severn Trent's and Wessex's approaches as "unsolicited and unwelcome".

Analysts were surprised at Severn Trent's planned bid, and said that if a battle developed with Wessex the victor would probably end up overpaying for South West.

Before either of the bidders makes a formal offer it will have to agree with Ofwat, the industry regulator, on the proportion of the savings from a merger to be returned to South West's customers as price cuts. Given that Ofwat has already indicated that it will seek price cuts from a South West merger of more than the 15 per cent pledged by Lyonnaise des Eaux – the French group which took over Northumbrian Water last year – analysts believe a bid battle for South West would allow Ofwat to extract even bigger price cuts from the rival bidders.

"Whoever wins will have to pay more than they should," said an analyst. Wessex said it was "pleased that Severn Trent agrees with Wessex about the benefits to customers and shareholders of combining SWW in a larger combination".

Analysts said Severn Trent's stronger balance sheet would give it an advantage over Wessex in a bid battle.

Lex, Page 20;
Thames shake-up, Page 26

LVMH posts 10.3% rise for year

By Andrew Jack in Paris

LVMH, the French luxury goods group, yesterday reported net income up 10.3 per cent to FFr4.1bn ($812m) in 1995, much of which it claimed was the result of its decision to reduce its involvement in the drinks sector.

"We had another year of growth in 1995 despite the difficult context," said Mr Bernard Arnault, chairman. He said he was recommending a dividend of FFr19.25 a share, compared with FFr17.50 in 1994.

Mr Arnault stressed that the improvement came despite currency fluctuations, slower economic growth in several of its main markets, the effects of the strikes in France late last year, higher taxes and a fall in profits at Guinness, in which it holds one-fifth of the shares.

Overall sales rose 6.5 per cent to FFr29.8bn. The group said that at constant exchange rates, sales would have increased 11.7 per cent and net income by 25 per cent.

Sales and the return on capital in the company's luxury goods business rose much faster than its wines and spirits activities, which the group said vindicated its decision to reorganise its connections with Guinness of the UK two years ago. In January 1994, it arranged an exchange of shares, with Guinness taking a 34 per cent stake in Moët Hennessy, the champagne and cognacs business within the LVMH group, in place of its 24 per cent stake in the parent company. In November of the same year, LVMH reduced its shareholding in Guinness to 20 per cent.

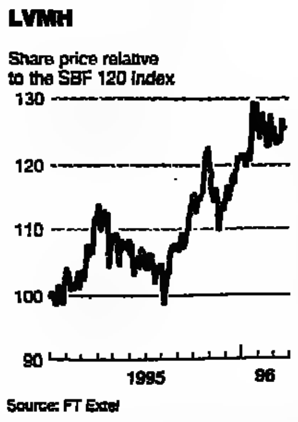
The perfumes and beauty products division – including Christian Dior, Guerlain, Givenchy and Kenzo – reported income from operations up 13 per cent, partly helped by a number of product launches.

Income from cognac and spirits fell 15 per cent, reflecting exchange rate fluctuations and falling sales in Japan.

There was strong growth in the Chinese division. Income grew 12 per cent in the luggage and leather goods businesses, with nine new Louis Vuitton Malletier stores opening in the year.

A reduction in net debt and a fall in real interest rates helped cut financial expenses by 52 per cent.

The group said economic growth was likely to be only moderate in Europe, but stronger in the US and Asia.



It warned that the situation of currency markets remained uncertain, which could present a challenge since 83 per cent of its production is exported.

Payout up at Crédit Local after decline in provisions

By Andrew Jack

Crédit Local de France, the French bank specialising in the public sector, yesterday reported net income up 2 per cent to FFr1.5bn ($296m) for 1995 after a sharp drop in provisions.

Mr Pierre Richard, chairman, said the results were better than average and that the bank had performed well in "an economic environment that was particularly unfavourable".

He said the directors were increasing the dividend by 10 per cent to FFr20.85 a share as a measure of their continuing confidence in the business.

Banking income fell 12 per cent to FFr3.1bn, largely because of non-recurring expenses in the first half of 1995.

However, new provisions declined to FFr226m, compared with FFr422m last time.

The group said it had increased market share in France to 42 per cent despite fierce competition, and that the sharp fall in the domestic market had been compensated for by growth for loans from other countries.

Outstanding loans grew 6 per cent to FFr319bn and total commitment stood at FFr47.5bn, near to its record FFr48.6bn, which had been achieved before the 1995 municipal elections.

Mr Richard predicted a revival demand for loans by local government in France during the year. This, he added, had already been confirmed over the first two months of 1996 – up 30 per cent on the same period last year.

The bank's results come a few days after Crédit Local de France said it was studying a potential "rapprochement" with Crédit Communal de Belgique, Belgian's second largest bank in terms of assets, which could be concluded by the end of the year.

The group said closer co-operation – which could involve an exchange of up to 50 per cent of each other's shares – would be designed to create a group of "European stature" before the creation of a single European currency.

It said the banks were complementary both geographically – they are active in different markets – and in terms of business sectors, since Crédit Communal holds a strong share of deposits in Belgium.

A combination of the two groups would create an entity with total assets of about FFr1,000bn.

NEWS DIGEST

Lufthansa reports provisional 3% rise

Lufthansa, the German airline, reported a 3 per cent increase in pre-tax profits from ordinary operations, from DM734m in 1994 to about DM756m ($511.7m) last year, according to provisional figures released yesterday. Lufthansa added that it anticipated revenues would rise 6 per cent to DM20bn.

The airline said the results reflected its ability to absorb currency volatility, as currency factors depressed earnings by DM450m last year. In the absence of another big rise in the D-Mark this year, analysts are forecasting an strong increase in profits and earnings per share for 1996.

Lufthansa will announce details of its results, including the dividend, on May 21. The earnings data were broadly in line market expectations, and Lufthansa shares closed barely changed at DM233.50 from a previous DM233.20. Last year, the airline reported net profits of DM302m after a loss in 1993.

Wolfgang Münchau, Frankfurt

Electrabel ahead on sales growth

Electrabel, the electricity and gas utility which is Belgium's largest company by market capitalisation, said it would cut prices from next month after announcing an 11.5 per cent increase in consolidated net profits last year from BFr25.8bn to BFr28.8bn ($948m). Electrabel said the tariff cuts would amount to BFr1.3bn on an annual basis, and followed falls in both electricity and gas prices last year.

The company, which supplies 92 per cent of the Belgian electricity market, said the increased profits resulted from strong growth in sales to industrial customers, which increased 4.4 per cent, and to distribution companies, up 2.6 per cent, as well as reduced costs. It said sales growth to industrial customers was "exceptionally high" in the first half of the year, but warned that sales fell in the final quarter, and the negative trend had continued into 1996.

Turnover increased 5.2 per cent to BFr215.9bn. Earnings per share rose 13 per cent to BFr525.2, with Electrabel proposing to increase the net dividend by 5 per cent, from BFr323 to BFr339.

Neil Buckley, Brussels

BCI consolidated profit up 11%

Banca Commerciale Italiana, one of Italy's largest banks, increased consolidated group profit to L365.2bn ($234.4m) in 1995, against L329.4bn the previous year. Net income from financial operations and services was stable at L2,057bn, against L2,049bn in 1994. BCI, which has 1,329 branches across Italy, announced an increase in parent company profits last month, and recommended an increase in the ordinary share dividend from L125 to L150. The savings share dividend will rise from L155 to L180.

Overall deposits for the group increased 4.1 per cent to L135,406bn, of which L77,623bn was represented by customer deposits. Customer loans rose 10.5 per cent to L76,220bn, and overall loans were L121,539bn.

Andrew Hill, Milan

Pernod Ricard slips slightly

Pernod Ricard, the French drinks group, yesterday announced a 3.8 per cent drop in 1995 net profits to FFr1.1bn ($217m), as a result of appreciation of the franc and higher alcohol taxes.

Operating profit was steady last year at FFr1.6bn. The board decided to maintain its dividend at FFr8 per share, the same as for 1994. Pernod reported little growth in the French market, partly because of strikes and high interest rates, as well as increased taxes. Despite complaining of poorer markets in important foreign markets like Japan, Mexico and Argentina, the group said it its overall foreign sales rose by 7.5 per cent. Total turnover, net of taxes and excise, rose by 0.7 per cent to FFr15.93bn.

David Buchan, Paris

Losses widen at Union Minière

Net losses at Union Minière widened to BFr954m in 1995 from BFr139m ($31.4m) in 1994, the Belgian metals group said yesterday. Sales rose to BFr127bn from BFr123bn, while profit before tax and extraordinary items increased to BFr1.8bn from BFr1bn.

Union Minière said trading volumes at the start of this year were being affected by the economic slowdown in Europe since the second half of 1995.

But it said the dollar had now stabilised against the Belgian franc, and overall metals price had remained steady since the start of the year. Operating profit was BFr2.2bn, against BFr1.8bn in 1994, while extraordinary losses totalled BFr2.2bn compared with BFr1.9bn.

Mr Karel Vinck, chief executive, said the company would only start granting dividends once its 1996-98 industrial plan had started to bear fruit and once it was clear the payouts could continue in future. He said the company had made provision in 1995 for all the costs of the social plan, with a BFr6.5bn charge.

AFX News, Brussels

Swiss drugs group ahead to $29.4m for year

By Frances Williams in Geneva

Ares-Serono, the Swiss pharmaceuticals group that specialises in human fertility drugs, yesterday reported a 4.1 per cent increase in net profit last year, to $29.4m from $26.2m in 1994.

Mr Ernesto Bertarelli, who last month succeeded his father, Mr Fabio Bertarelli, as chief executive, predicted that 1996 would be a good year for the company. Sales in the first two months had been "very strong", he said.

Mr Bertarelli said he still hoped for approval from the US Food and Drug Administration for the use of the company's human growth hormone Serostim to treat the wasting effects of Aids. An FDA advisory panel recently narrowly voted against approval.

Ares-Serono's sales increased last year by 7.1 per cent to $682.3m from $636.8m in 1994, adjusted to take account of the sale of the company's diagnostics unit in spring 1994. In constant currencies, the sales rise was 3.9 per cent. However, operating profit fell to $66.1m last year from $73.1m in 1994.

The company said the 1995 results had suffered from problems in meeting surging world demand for infertility products, but Mr Bertarelli said he expected these to be fully rectified by the middle of this year.

Group sales of infertility products, which rose 10 per cent in 1995, were expected to show double-digit growth annually for the next five years, Mr Bertarelli said.

Infertility drugs account for 62 per cent of turnover for the Geneva-based company, which is also active in the fields of growth, metabolism and immunology/oncology.

Spending on research and development last year amounted to $144.5m, or 21.2 per cent of sales.

Non-life result helps Axa rise 20%

By Andrew Jack in Paris and Ralph Atkins in London

Axa, the French-based insurance group, yesterday unveiled net income up 20 per cent to FFr2.73bn ($540m) for 1995, despite unfavourable currency fluctuations and the continued depressed state of the French property market.

The increase was helped by improved underwriting results from non-life business and better life assurance performance from its UK operations and from Equitable of the US – in which its stake rose to 60.6 per cent last year from 49 per cent in 1994.

Mr Claude Bébéar, chairman, said he was proposing a dividend up 1.2 per cent to FFr6.60 a share, and said that he expected the results to progress by a similar amount in the current year, assuming there were no unexpected large claims or other external factors.

Net income from life assurance was FFr1.1bn for 1995, compared with FFr924m in 1994. A further FFr669m came from non-life – compared with FFr259m last time – and FFr396m from reinsurance, compared with FFr283m.

However, results from financial services and real estate fell from FFr946m to FFr794m, and losses incurred by the group's holding companies increased from FFr144m to FFr248m.

The results were released shortly after Axa announced it had signed a new co-operation accord with Generali, the Italian group which was bound into a complex cross-shareholding simplified earlier this year.

Under the accord, Generali will have to give the group two months' notice if it intends to sell more than 1 percentage point of its remaining 11 per cent stake, rising to 3 months before a sale exceeding 5 percentage points.

Mr Bébéar said yesterday that the new relationship with the group could allow the joint development of satellite insurance business, in which the two companies are already strong market participants.

By combining forces, he said Axa and Generali could increase their influence in setting prices and winning business in a particularly volatile insurance sector, as well as achieving economies of scale.

Mr Bébéar also listed reinsurance and Asian ventures as other possible areas for co-operation.

He said Axa's new telephone-based motor insurance venture set up in Germany last year showed sales 50 per cent higher than forecast.

On future acquisitions, he said he regarded Axa's UK presence as "too small" but prices expected for local companies were proving too high. The situation was similar in Germany.

He highlighted Japan, where a modest deregulation package takes effect on April 1, as another area of possible expansion. Some Japanese insurers, he said, were having difficulties which could provide acquisition opportunities.

Downturn in shipping hits Nedlloyd

By Ronald van de Krol in Amsterdam

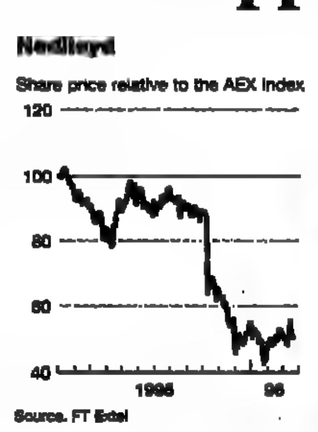
Nedlloyd, the Dutch transport group, said yesterday it faced a "difficult" year in 1996 after a downturn in ocean-going shipping led to a sharp fall in net results before extraordinary items in 1995.

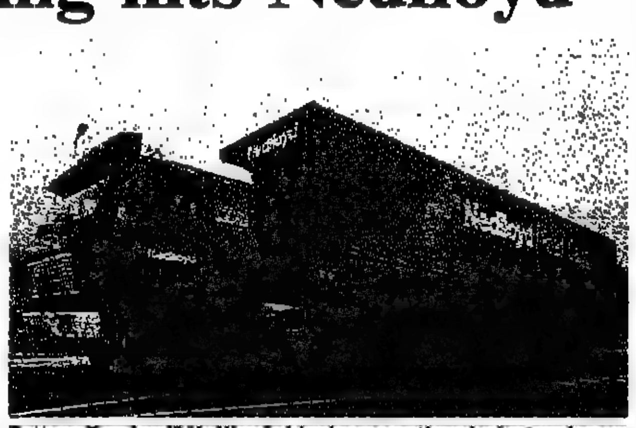
The company, which is also active in European road transport, blamed the decline in shipping on several factors, including the weaker dollar, weaker cargo rates, start-up costs for a sailing between Europe and east Asia, and import restrictions in Brazil, which led to disappointing volume growth to South America.

Net profits before extraordinaries dropped from Fl 91m in 1994 to Fl 49m ($29.6m), on turnover up 2.4 per cent at Fl 6.77bn. In the fourth quarter, the group incurred a net loss of Fl 12m before extraordinaries, a reversal of the Fl 13m posted in the same quarter of 1994.

However, overall net profit for the full year rose from Fl 92m to Fl 106m, after Fl 57m in extraordinary items.

The Fl 57m is the balance of extraordinary gains – resulting from divestments, sales of roll-on/roll-off ships, and Fl 75m in surplus pension fund money which flowed back to Nedlloyd – and extraordinary losses to cover reorganisations and "financial irregularities" at the group's Austrian road-haulage subsidiary.





Better off on land? Nedlloyd shipping operations had a tough year

Despite predictions of a difficult year ahead, Nedlloyd said it did not expect to make a loss in 1996. It also said this prediction was independent of the likely book profit to be realised on the intended sale, announced last week, of the group's offshore drilling rig subsidiary to Noble of the US.

Mr Leo Berndsen, managing board chairman, blamed the 1995 decline on "a deterioration which set in during the second half, particularly in ocean shipping". Shipping volume was up, but this could not compensate for the dollar effect or the weakness of cargo rates, particularly in guilders.

Giving details of the group's Austrian problem for the first time, Mr Berndsen said a local manager and a comptroller sent from head office in Rotterdam had "cooked the books" for several years, passing off losses as profits.

"The books were presented in too favourable a light – you could call it window-dressing," he said.

Business controls have since been strengthened to prevent a recurrence elsewhere, and the Fl 52m charge to correct previous years' figures in Austria was a one-off item, he added.

Nedlloyd disclosed the irregularities in Austria in November, when it issued the second of its two 1995 profit warnings.

Saint-Louis chairman allays fears of change in strategy

By David Buchan in Paris

Saint-Louis, the French industrial group, plans to expand in areas related to its core sugar and paper businesses, Mr Daniel Melin, its new chairman, said yesterday. His remark allays speculation that the group might split up or branch out in a new direction.

In an interview, Mr Melin indicated his interest in buying Compagnie Française de Sucrerie, the sugar subsidiary of Compagnie Navigation Mixte, if, as a result of the latter's planned takeover by Paribas, the sugar business were to come up for sale. "If CFS is for sale, I will certainly be a candidate to buy this business or part of it."

Eridania Béghin-Say, the French subsidiary of Italy's Montedison, is reported to be ready to carve up CFS with Saint-Louis.

Speculation about a change in Saint-Louis's strategy followed the death last year of Mr Bernard Dumon, who had built up Saint-Louis through its 40 per cent stake in Arjo Wiggins Appleton (AWA), in sugar, where the group is France's second largest producer, and prepared foods.

Some analysts argued that Saint-Louis might take advantage of its strong cash reserves to make new acquisitions, with the aim of making itself a more coherent business.

But Mr Melin stressed yesterday that he was happy with the group's present shape, vaunting the complementary nature of its paper and sugar businesses.

Saint-Louis recorded a sharp drop in overall net profit from FFr1.45bn in 1994 to FFr573m ($114m) last year, mainly because of restructuring provisions for AWA. But net operating profit rose fractionally to FFr947m after a "better performance from sugar helped offset the slight decline in profit from paper".

Saint-Louis could now easily sell its 34 per cent stake in its Panzalim joint venture in prepared foods with Danone, the French food conglomerate. A "put" agreed at the time of the venture's formation in 1994 would from this month give Saint-Louis a minimum price of around FFr2.6bn for its stake.

But Mr Melin, who said the market worth of the stake could be as much as FFr3bn, added that he would continue discussions with Danone about whether to sell it. Money from Panzalim could fund any purchase of CFS sugar.

Czech energy group's profits slip

By Vincent Boland in Prague

CEZ, the partly-privatised Czech electricity producer, reported a slight fall in pre-tax profits for calendar 1995 as increasing competition reduced its overall market share and government-imposed revenue changes hit turnover.

Profits before tax reached Kcs16.6bn ($617m), down from Kcs17.2bn in 1994. Revenues totalled Kcs50.6bn, including a 2.7 per cent increase from the sale of electricity.

Revenue growth was curtailed by a price agreement between CEZ and regional electricity distributors last year that cut Kcs1.6bn from sales.

Profits were checked by higher depreciation charges and debt servicing costs. Net profits slipped from Kcs9.5bn to Kcs9.3bn. All figures are in accordance with international accounting standards and are unaudited.

Demand for electricity rose 5.3 per cent in 1995 over 1994. However, the company's share of the electricity market declined from 79.4 per cent to 76.9 per cent because of increased sales by independent power producers and higher imports.

Mr Gabriel Eichler, CEZ deputy chairman and chief financial officer, said profits for 1996 would be largely unchanged from last year's level.

The group's capital investment programme, which includes completion of a nuclear power plant and reducing pollution at coal-burning stations, was 13.8 per cent lower than planned at Kcs25.1bn, but CEZ said key features of the programme would be completed on schedule.

The main reason for the lower figure was the renegotiation of a contract with Skoda Praha, the engineering group that is the main domestic contractor to the Temelin nuclear plant, to bring it into line with a revised commercial code.

Spending on the plant amounted to Kcs6.2bn last year, only two-thirds of the planned figure, as a result.

CEZ is modernising its coal-burning plants to meet new environmental laws. Some 70 per cent of its output is produced using coal, but only 5 per cent of its total 1995 electricity production was from desulphurised stations.

COMPANIES AND FINANCE: EUROPE

Bekaert slowed by strong currency

By Neil Buckley in Brussels

Bekaert, the Belgian wire and steel cord producer, warned yesterday it had seen a "clear slowing down of economic activity" in Europe in recent weeks, as it announced a 10 per cent increase in net profits last year.

Stripping out a BFr3.7bn exceptional gain in 1994 from the sale of a stake in a US business, consolidated net profits rose 10 per cent from BFr2.88bn to BFr3.18bn ($104.7m). But Mr Raf Decaluwé, chief executive, said reported profits growth had been held back by the strength of the Belgian franc.

At constant 1994 exchange rates, the profit increase would have been 35 per cent.

Mr Decaluwé still expected Bekaert to increase profits in 1996, but said this would "not be easy". While it had started the year with an optimistic outlook, it had seen clear signs of economic slowdown in Europe, particularly in Germany.

This had affected order and activity levels, while raw material prices had started to fall again.

"As a consequence," the company said, "the short-term future looks more uncertain today than it was some weeks ago."

Mr Decaluwe said the strong Belgian franc was making it more difficult for Bekaert's exports to compete with those of rivals in countries whose currencies had devalued, especially Italy and Spain.

During 1995, the franc gained between 6 and 13 per cent against the currencies of Bekaert's main overseas markets – the US dollar, the pound sterling, the lira, and the peseta. This affected both the value of exports, when invoices were raised in foreign currency, and the level of sales and profits when foreign subsidiaries' accounts were converted into Belgian francs.

These two effects meant turnover, which increased from BFr59.3bn to BFr60.7bn, was 6 per cent lower than it would have been at constant exchange rates. Operating profits, which declined from BFr4.03bn to BFr3.89bn, were BFr1bn lower than they would have been, while the net profit was BFr750m lower.

Bekaert proposes to hold the net dividend at BFr450, owing to the "limited" profits increase and a slight fall in cash flow caused by the franc's strength, plus the desire to retain sufficient funds for investment.

The company is investing in emerging markets, with a new steel cord factory in China, agreement to build a steel wire factory in the Czech Republic with ZDB-Bohumin, and proposed investments in Columbia and India. It is also developing new products such as thin metal fibres, and plans to build a factory in the US.

Thyssen's telecom link-up on hold

The German group's new chief faces a number of challenges

Mr Dieter Vogel, who today takes over as chief executive of Thyssen, one of Germany's 10 biggest listed companies in sales terms, is a good deal more cautious than he was a year ago. He was then locked in a battle with two rivals for the top job at the Düsseldorf-based conglomerate.

At that time, Mr Vogel predicted that Thyssen Handelsunion, the trading and services division which he has run for the past 10 years, would be reporting profits of DM750m ($510m) from its fledgling telecommunications activities by 2000.

The figures, which were widely questioned by fellow and rival executives, helped Mr Vogel become chief executive at Thyssen, outflanking Mr Ekkehard Schulz and Mr Eckhard Rohkamm, respectively the heads of the steel and engineering divisions.

Having made the forecasts, Mr Vogel is now backtracking fast. He claims he never predicted the DM750m profits. He says the figure was seized upon by Mr Heinrich Kersten, his chief financial officer, who, Mr Vogel says, was "rather emotional" because he was attending his last annual results press conference.

That Mr Vogel should distance himself from the rather ambitious profits forecast is understandable.

The steel-based conglomerate, which threatened to discard its steelmaking activities at the height of the last recession in 1993, invested DM150m last year alone in its attempt to become one of Germany's leading private telecoms operators.

Yet in spite of the investments – and in spite of Mr Vogel's acknowledged selling skills – Thyssen is the only one of the big five German telecoms operators not to have teamed up with partners in an alliance strong enough to take on Deutsche Telekom, the state-owned monopolist.

In addition, observers point out that the company's alliance with BellSouth, the largest US regional operator, has yet to be cemented by an exchange of equity or any other measure which would improve the international partner's long-term commitment to the German group.

"Thyssen is rather lonely at the moment," said an executive from one of the company's Düsseldorf-based competitors.

However, the company is one of two in the final round of bidding for DBKom, the telecoms subsidiary of the Deutsche Bahn federal railway network.

If Thyssen beats its rival Mannesmann and wins the minority stake in DBKom – whose 40,000km long telecoms network is second only to that run by Deutsche Telekom – Mr Vogel is confident it will have a large enough asset to make it attractive to either of the two leading telecoms alliances.

Whether Thyssen then joins the alliance led by RWE or opts for the grouping headed by Veba remains to be seen. What is key, Mr Vogel says, is that Thyssen does not sacrifice "our most valuable asset", a 28 per cent stake in E-Plus, the third German mobile phone network which it runs with Veba. The challenges Mr Vogel faces in telecoms are supplemented by those confronting the group's steel and engineering divisions.

Dieter Vogel: 'There won't be a steel problem'

The steel market is still very sluggish after price falls during the fourth quarter because of overflowing stockpiles. Parts of the Thyssen's steel workforce are still working short time, and analysts say there is little sign that demand for steel will improve substantially in the near future.

However, Mr Vogel insists the restructuring undertaken during the last steel recession will keep the steel business alive.

"There won't be a steel problem," he said recently. "We managed to cut our costs by about DM2bn during the last recession. We now have a much smaller burden to drag around with us."

That said, the group has to manage hurdles at Thyssen Industrie, the engineering division. Blohm + Voss, the Hamburg shipyard, is haemorrhaging money following a collapse in the ship repair business, the company recently admitted. And Thyssen Henschel, the subsidiary which makes armoured personnel carriers and parts of the Transrapid magnetic levitation train, is in trouble.

Mr Vogel insists these and other problems can be dealt with. He claims that Thyssen is involved in too many disparate activities, a problem which has hindered management in its efforts to improve earnings in many divisions. At the same time, however, the new chief executive says "there are no core businesses whose existence is being questioned".

What change there will be, Mr Vogel suggests, will come gradually, given that Thyssen has what he likes to call "a history, a culture".

"I won't produce any crazy new trends. There won't be any Daimler syndromes here," he said referring to the far-reaching changes at Germany's largest conglomerate designed to prevent a repetition of last year's record DM6bn losses.

Michael Lindemann

New Swiss Exchange rules aim to attract foreigners

By Ian Rodger in Zurich

Swiss Exchange, the organisation that runs the national stock market, has signalled its intention to compete more vigorously for international business, with the publication of new listing rules due to come into effect in October.

Under the new rules, foreign banks and legal firms will be able to introduce companies to the Swiss market, and foreign companies already listed in their home countries may be exempted from many listing requirements.

The new rules follow passage a year ago of a federal stock exchange law calling for a large degree of self regulation by securities markets. They are also part of a wider effort, including the planned introduction of an electronic exchange that will incorporate same-day clearing, to attract more listings and trading volume.

A Swiss Exchange official said one of the main objectives of the new rules was to show foreign investors that all Swiss companies would have to adhere to recognised standards of reporting and disclosure.

For the most part, Swiss Exchange has aligned its new rules with the three European Union directives on stock exchange admissions, the preparation of prospectuses, and disclosure requirements for listed companies.

This means that the principle of home country primacy in regulating a foreign-listed company would normally apply if listing conditions were similarly stringent.

Also, the Swiss banks' monopoly on introducing companies to the exchange will be removed. Companies themselves can do it if they can prove they can handle clearing trades, and foreign banks and accounting and law firms may also compete if they can demonstrate to the admissions board that they understand the Swiss system.

There are a few unusual rules, reflecting peculiarities in Swiss law. For example, accounting rules are specified because Swiss company law does not require auditing to the "true and fair" standard.

Unapproved preliminary prospectuses, not allowed in most EU countries, can be circulated. Primary securities issues in Switzerland are covered by the civil code, not the stock exchange act.

Rules on disclosure of price-sensitive information will put most of the responsibility on the company itself. This extends to cases in which a company wants to postpone disclosure of an internal development – say, negotiations towards a merger. In the UK and Germany, companies must ask the regulators for permission to postpone.

The rules also recognise the domination of stock markets by professionals who are constantly tuned in to electronic sources of instant information. It sets the minimum disclosure process as "an electronic information system which is widely used by professional market participants".

Swiss Exchange officials say ordinary investors have to rely on brokers for information.

Institutions pay $130m for Lukoil stock

By Christopher Brown-Humes in Stockholm

The biggest portfolio investment in Russia was announced yesterday when a block of 23.8m shares in Lukoil, the country's biggest privatised oil concern, was acquired by international institutions for $130m.

The secondary market deal was arranged by Alfred Berg, the Nordic investment bank acquired by ABN Amro of the Netherlands last year.

Mr Lars Bergström, head of Alfred Berg's Moscow office, said the transaction was "a vote of confidence in continued economic and political reform" in Russia, despite the uncertainty caused by the coming presidential elections.

The shares, equal to 3.3 per cent of Lukoil's outstanding shares, were acquired for $5.50 each, a 25 per cent premium to the market price. They have been converted into American Depositary Shares under a programme sponsored by the Bank of New York. The identities of the buyers and sellers were not disclosed.

IBM, Stet reach 'final stages' of alliance talks

By Andrew Hill in Milan and Louise Kehoe in San Francisco

Talks about a global telecoms alliance between International Business Machines, the US computer group, and Stet, Italy's state-controlled telecommunications holding company, have "reached the final stages", Stet's chief executive said yesterday.

"The talks are going in the hoped-for direction, but when lawyers are at work, it's better not to commit oneself on the timetable," Mr Ernesto Pascale told Ansa, the Italian news agency, in Brussels.

One Italian official close to the talks said yesterday the two companies were "working night and day" to conclude a deal. Once the agreement was announced the companies would step up their search for a third partner for the joint venture, the official said.

IBM said the negotiations were proceeding satisfactorily.

The two companies announced preliminary agreement on a deal last August after nearly a year of talks, but few details have been released.

IBM and Stet indicated at the time that the deal could involve the establishment of a joint venture to exploit the two groups' global networks, in order to offer business and private clients a range of networked services.

Cable & Wireless Europe, the Anglo-German telecoms joint venture, was believed to be interested in joining the alliance.

Stet shares are quoted in Milan and New York. Full privatisation has been postponed many times, but Iri, the Italian state holding company, still intends to sell its majority stake in Stet this year.

The anticipated agreement with Stet is part of IBM's plan to expand its networking services worldwide. These services currently include data, voice and video communications via the Internet and private, worldwide networks to provide telephone, video conferencing and electronic mail capabilities.

Corporate customers use these services to link remote locations and to communicate with suppliers and customers.

IBM is expected to form separate partnerships with several telecommunications companies world-wide as it expands its services.

Canada may ease curbs on foreign-owned banks

By Bernard Simon in Toronto

Canada may ease restrictions on foreign-owned banks, enabling them to compete on a more equal footing with the big domestic institutions.

The federal government is expected to raise the issue in a discussion paper on financial services, to be released within the next couple of months as part of the preparatory work for a scheduled review of the Banks Act in 1997.

About 46 foreign-owned institutions, also known as Schedule 2 banks, have subsidiaries in Canada. But none comes close to matching the size of the six big domestic institutions, and most confine their activities to a handful of specialised businesses.

Hongkong Bank of Canada – a subsidiary of HSBC, and the biggest foreign bank – has assets of C$20bn (US$14.7bn), compared with C$48bn at National Bank of Canada, the smallest of the Big Six.

The foreign banks, especially those catering to large corporate customers, have already pressed for regulatory changes that would allow them to operate as branches of their parent companies, instead of setting up domestic subsidiaries.

The present system restricts their lending ability by limiting access to the parent's balance sheet. According to Mr Richard Lint, chief executive of Citibank Canada and chairman of the foreign-banks committee of the Canadian Bankers Association, "this is probably the number one topic for the Schedule 2 banks".

Mr Lint predicted foreign banks would expand their product range and tighten pricing if they could operate as branches. The chief executive of another foreign-owned bank said: "We certainly think it would help us win more mandates."

Australia and New Zealand have lifted similar restrictions on foreign-owned banks in the past seven years.

NEWS DIGEST

Sun Microsystems in $96m UK buy

Sun Microsystems, the leading US manufacturer of computer workstations and network servers, has agreed to purchase Integrated Micro Products, a UK supplier of computing products to the telecommunications industry, for $96.1m.

Sun said it planned to incorporate IMP's technology for fault-tolerant computing, which enables computer systems to keep running despite problems in one or more parts of the system, in its network server products. IMP's products are based on the same microprocessor technology used by Sun, so they fit well, industry analysts said.

Telecommunications represents the largest and one of the fastest growing market segments for Sun, said Mr Ed Zander, president of Sun Microsystems Computer Company, the computer hardware division of Sun.

IMP will become a new business unit within Sun's server operations. The UK company, which also has operations in the US, reported revenues of $11.5m for the year to September 30. Revenue for the 1996 first quarter was $5.1m, up 92 per cent from $2.67m last time. Sun said it expected some "relatively minor" one-time charges of not more than 15 cents a share in connection with the acquisition.

IMP said that Sun would also take on the company's liabilities. Following completion of the acquisition, which requires IMP shareholder approval, and after taxes, IMP will make a series of distributions to shareholders expected to amount to about $20.55 a share.

IMP's shares were trading at $19¾ in mid-session on the Nasdaq market yesterday, down from Wednesday's close of $21¼. Sun shares were trading at $44⅝, up from Wednesday's close of $43⅝.

Louise Kehoe, San Francisco

Cummins reorganises

Cummins Engine, the US diesel engine maker, has formed a new organisational structure to strengthen customer focus and improve profitability. The new organisation will consist of four businesses – automotive, power generation, industrial and filtration. Each unit will include worldwide marketing, engineering and manufacturing capabilities. All four units will report to Mr Tim Solso, president and chief operating officer.

Reuter, Columbus

Peruvian move for Santander

Two South American units of Spain's Banco Santander offered to buy up to 100 per cent of shares of Peruvian pension fund manager AFP Nueva Vida for $16.5m. The offer was made by Inversiones y Asesorias Previsionales Bansander of Chile and Santander Peru Holding, subsidiaries of the Spanish banking giant. The units offered to buy a minimum of 66.7 per cent, or 17.5m Nueva Vida ordinary shares at 1.48 sol apiece. AFP Nueva Vida is owned by a group including Spain's Fierro Group, as well as Chilean and Peruvian interests. It has funds totalling $36.2m.

Reuter, Lima

Mexico shows great potential for insurers

Mexico's troubled banking sector may draw more attention, but its insurance industry is attracting foreign interest as domestic groups consolidate.

Though the sector is unproven and its current performance is faltering, banks and corporations believe it has potential.

Industry insiders hope the imminent sale of Asemex, the country's third-largest insurer with 15 per cent of the national market, will prove a turning point. For a year the company has been in the hands of government regulators, who took control after its parent financial group failed in the wake of the peso devaluation and an insider loan scandal.

The bidding process is scheduled to close today, though complaints from prospective buyers that they have had insufficient time to complete due diligence may delay the sale until mid-April.

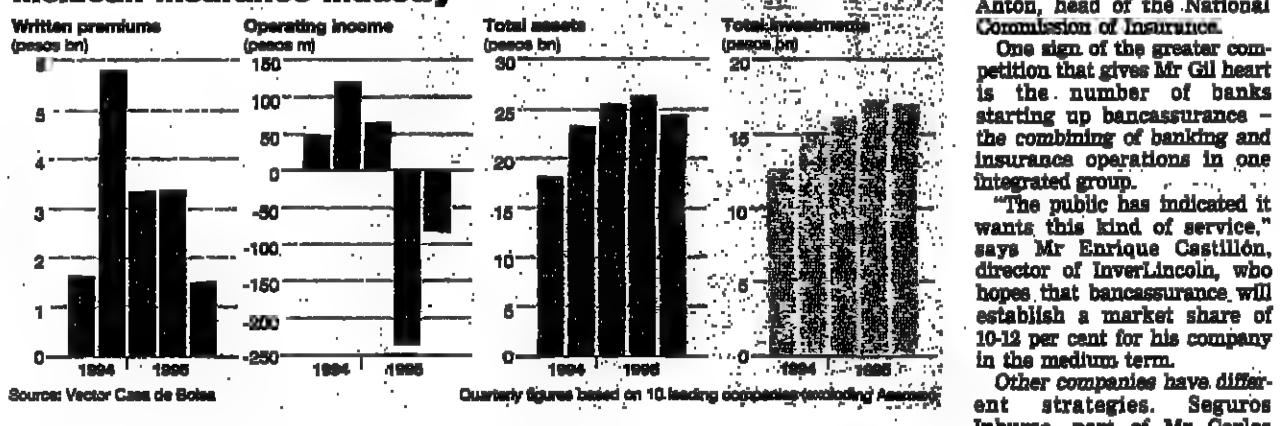
The sale follows a flurry of activity in the past six months.

In September, the Dutch insurer Aegon bought 49 per cent of the emerging insurance business of Banco Nacional de México, the country's largest bank, for $167m. The insurance arm of ING Barings began operating in the country in early January.

In February, Grupo Financiero Bancomer, the country's second-biggest financial services group, consolidated its control over Seguros Monterrey Aetna – a joint venture with Aetna Life Insurance of the US – through a share exchange programme. In the same month, Aseguradora InverMéxico, the start-up insurance arm of financial services group InverMéxico, sold a 49 per cent stake for about $16m to the Lincoln National Corporation, and changed its name to Inver-Lincoln.

Such transactions come at a time of higher crime rates and growing insecurity. In Mexico City, violent car thefts have doubled, from an average of 46 a day in 1994 to 96 in 1995, and violent robberies of homes in the Mexico City area increased 30 per cent. But the greater risk has not translated into higher policy sales; premiums issued fell 13 per cent last year to 25bn pesos ($3.32bn).

Mexican Insurance Industry



But the hope is that future growth will develop a largely untapped market. In 1993, only 1.6 per cent of gross domestic product went to insurance premiums, compared with 8.9 per cent for the US and 3.29 per cent for Chile. Today, according to the Mexican Association of Insurance Institution, barely one-quarter of cars and only 3 per cent of homes are insured.

"We think this could be a $6bn market by 2000," says Mr George Henry, vice-president of international affairs at the American Insurance Association. "By that time, we would expect that foreign participators would have about 10 per cent."

Proposed reforms of the country's social security sector, announced this week, promise significant growth opportunities, particularly in pensions and life assurance.

But the sector faces serious obstacles. Though there are no undisputed figures, tales of fraud and exaggeration of claims are common. "Patients will get extensive medical check-ups under policies meant to cover only medical emergencies, and the police will back up phoney stories of robberies for a small consideration," complains one insurance salesman.

Products are usually inflexible. Property insurance is almost exclusively based on real value rather than replacement cost.

"Almost all retail policies are uniform, and not patterned to individual clients. But that will change with greater competition," says Mr Juan Ignacio Gil Antón, head of the National Commission of Insurance.

One sign of the greater competition that gives Mr Gil heart is the number of banks starting up bancassurance – the combining of banking and insurance operations in one integrated group.

"The public has indicated it wants this kind of service," says Mr Enrique Castillón, director of InverLincoln, who hopes that bancassurance will establish a market share of 10-12 per cent for his company in the medium term.

Other companies have different strategies. Seguros Inbursa, part of Mr Carlos Slim's Grupo Financiero Inbursa, increased market share last year from about 8 per cent to 10 per cent, through measures such as slipping advertisements into the phone bills sent out by Teléfonos de Mexico, the country's telephone monopoly.

Yet the hoped-for expansion is not imminent, since consumers' purchasing power is unlikely to recover in 1997 from present, depressed levels.

"Even if we do have a strong upturn, I do not think the market will grow much this year, or even for most of next year, because purchasing power lags behind," says Mr Rafael Bello, an analyst at Morgan Stanley in New York. "We have some way left to go."

Daniel Dombey

COMPANIES AND FINANCE: ASIA-PACIFIC

Property arm helps Ayala post sharp rise

By Edward Luce in Manila

Ayala Corp, the Philippines' largest diversified holding company, more than doubled net profits to 5.48bn pesos (US$209m) in 1995 on the back of strong growth in all its subsidiaries.

The percentage growth figure was calculated after stripping out large non-recurring gains from 1994 through the sale of shares in various Ayala Corp subsidiaries.

Led by Ayala Land, which is listed separately from Ayala Corp's shares, the parent company said it had reaped the benefits of a rapidly growing economy to post record profits last year.

Ayala Land – which earlier this year overtook San Miguel, the beer and consumer goods company, as the largest company on the Philippine Stock Exchange, with a market capitalisation of 145bn pesos – lifted recurring net profits by 44 per cent to 3.11bn pesos.

The company, which last week signed a joint venture with Hong Kong Land to develop a prime site in Manila's business district, said it had benefited from the property market boom in the capital.

Ayala Land said that with a relatively low debt/equity ratio of 0.25:1, it was in a good position to fund further developments in the high end of the property market.

"Ayala Land is undoubtedly Ayala Corp's strongest subsidiary and its biggest asset," said Mr Matthew Sutherland, chief researcher at Asia Equity Securities.

"The company has made the most of the strong demand in the market for high-end residential and office space as well as low and middle income housing."

Ayala Land, which owns the bulk of Manila's main business district in Makati, has a p/e ratio of around 36 but is considered cheap, with a discount to net asset value of about 30 per cent. Ayala Land's B shares, which are open to foreign buyers, closed steady yesterday at 38 pesos.

Ayala Land also unveiled plans yesterday to invest 23bn pesos to upgrade Makati over the next three years.

Ayala Corp's other subsidiaries – the Bank of the Philippine Islands, Ayala Life, the group's insurance flagship, and Pure Foods, its consumer goods outlet – all posted healthy net income growth in 1995.

BPI, the country's third largest bank, said 50 per cent loan portfolio growth and 25 per cent deposit growth helped lift earnings by 13 per cent to 1.99bn pesos. The company boosted its equity base by 60 per cent to 5.1bn pesos last year.

Globe Telecom, Ayala's telecoms arm, formed in 1994, posted a net loss of 155.4m pesos as expected, while increasing its total assets by 25 per cent to 7.4bn pesos. The group said strong growth in demand for mobile phones should push Globe into the black this year.

Globe is considered one of the strongest emerging competitors to the privatised Philippine Long Distance Telephone Company in the recently liberalised market.

Orient Overseas climbs to $66.8m

By John Ridding in Hong Kong

Orient Overseas (OOIL), the Hong Kong shipping group, yesterday announced net profits of US$66.79m for 1995, an increase of just under 16 per cent from the previous year.

Mr Tung Chee-hwa, chairman, said increased capacity on certain routes and moves towards deregulation in the industry presented new challenges for the group.

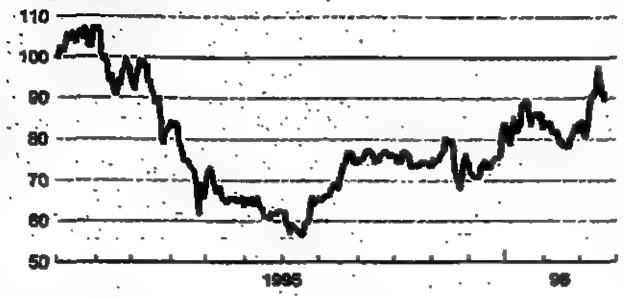
However, he said measures to control costs and improve efficiency would enable the group to sustain its profitability and struck an upbeat tone about the company's prospects.

"We have built a solid foundation to become one of the world's most successful containerised transport companies," said Mr Tung, citing alliances with other international shipping groups, such as American President Lines, and large new vessels which have enabled economies of scale.

The Orient Overseas chairman, who is considered a strong candidate to become the chief executive of Hong Kong after its handover to China next year, said continued growth in world trade and an improved product mix, helped lift sales by 10.3 per cent to US$1.67bn.

Orient Overseas

Share price relative to the Hang Seng Index



Source: FT Extel

Mr Tung added that the company was continuing to expand its share of high growth markets, such as China. The company said investments in China had been increased by just over US$17.3m last year, taking its total investment there to almost US$82m.

Industry analysts said the results were at the top end of expectations and underlined the recovery at the group, which was pushed to the brink of collapse by the shipping crisis of the mid-1980s.

"These are good results, and the increase in net profits is much bigger if you strip out last year's exceptionals," said one shipping analyst.

Exceptional items, which totalled US$50.77m in 1994, fell to US$2.44m, while operating profits rose from US$73.75m to US$92.89m.

Earnings per share climbed from 10.4 cents to 12.2 cents, while the final dividend is being lifted by 33 per cent to 1.28 cents. This gives a total dividend for the year of 2.08 cents, a rise of 29 per cent.

Despite his optimism about the company's prospects, Mr Tung cited some negative short-term factors. He said the introduction of new capacity by the group and its competitors in the main trunk routes and moves towards deregulation in the US and Europe, meant there would be some reduction in average revenues per TEU (twenty-foot equivalent units).

As part of the group's fleet renewal programme, Orient Overseas sold two vessels last year. Three new vessels were delivered in the second half of 1995, while four new ships are to be delivered in the first half of this year. Two more vessels are due in 1997.

The rise in debt relating to the fleet modernisation programme increased the group's gearing ratio to 40 per cent, compared with 10 per cent at the end of 1994.

Standard Chartered to arrange China loan

By Peter Montagnon, Asia Editor, in Hong Kong

Standard Chartered, the UK-based bank, is arranging a $124m, seven-year credit for a power station project in Shanghai, believed to be the first international financing for such a venture in China for several months.

The loan will be part of a $400m equivalent package being assembled to fund a joint power venture between General Electric of the US and Shanghai Municipal Electric Power, the local utility.

Other funds will be provided by the venture partners themselves and Chinese banks.

Chinese power station deals have become rare in recent months because of continuing uncertainty over how far China will insist on capping the rates of return which the projects can earn.

However, the fact that this one is going ahead shows that some companies at least can negotiate satisfactory returns.

The financing is also likely to attract attention because it is being arranged without a Chinese bank guarantee that the local currency debt service payments by Shanghai Municipal Power will be convertible into hard currency.

Such a guarantee is normally included to reduce the risk of power project financing, but Standard Chartered said the rarity value had created additional interest in the loan.

Mr David Jackson, deputy chief executive for investment banking, said the bank had been able to attract underwriting commitments to cover more than than twice the amount sought.

He declined to disclose the pricing of the deal, final details of which are still under negotiation, but said Japanese banks had showed strong interest.

Some Japanese institutions have been cautious about international syndicated lending since a series of domestic banking problems forced them to pay a premium for funds in the interbank market at the turn of the year.

This loan is understood to offer margins high enough to attract even banks which are having to pay more for wholesale dollar deposits.

Colonial Mutual bounces back to black

By Nikki Tait in Sydney

Colonial Mutual, the Australian life insurer which owns the State Bank of New South Wales, yesterday announced a A$726m (US$562m) profit after tax for 1995, a sharp turnround from last time's A$261m loss.

The life office, which has said it wants to "demutualise" – turn itself into a conventional shareholder-owned company – also offered more detail on the likely timing. "In a practical sense, I think the earliest possible date to demutualise is sometime in 1997," Mr Peter Smedley, managing director, said.

"There is no doubt we will beat the December 1998 deadline," he added. Colonial Mutual's demutualisation is likely to be particularly complex because it has sizeable operations in the UK and New Zealand as well as Australia, and will need approvals from the regulators there.

Colonial's improved performance largely reflected a more favourable investment climate. Total revenue was up from A$886m to A$4.72bn, with interest income rising from A$325m to A$1.9bn and investment assets appreciating by A$1.1bn, compared with last time's A$1.02bn write-down.

The group said its operating expenses, excluding those of SBNSW and one-off costs associated with the demutualisation and the restructuring of the UK and New Zealand businesses, were down.

Assets under management stood at A$33.4bn by the year-end, which Colonial said represented a A$2bn increase during the year after allowing for the closure of its Colonial Mutual Discount Company. Managed investment portfolio and unit trust funds rose, but assets under management at SBNSW were "slightly reduced".

The bank itself contributed an after-tax profit of A$105m. Colonial said it had been attempting to weight the lending portfolio away from large corporate loans, to improve risk exposure.

A "cross-selling" initiative has also started with Colonial's insurance franchisees selling housing loans, and State Bank bringing in new home insurance business.

Mr Smedley said he was fairly confident that "the underlying platforms of the business are in place to deliver profit", but warned that the company was subject to market fluctuations.

"I think the market this year is going to be pretty choppy and we have already seen the signs of that in the first two months."

QBE Insurance closer to Vietnam deal

By Nikki Tait

QBE Insurance, the Australian general insurer, said yesterday it had signed a memorandum of understanding with the Bank for Investment and Development of Vietnam, a first step in its efforts to establish an insurance joint venture in the country.

The partners are now applying for a joint venture insurance licence, and QBE said it proposed to start training Vietnamese graduates in Australia later this year, in preparation for employment once this is issued.

The company had already flagged its intention to build up interests in China, India and Vietnam, although it had suggested that the sums invested in Vietnam would be modest.

It said yesterday the joint venture would allow BIDV, one of Vietnam's four largest state-owned banks, to sell specific insurance products to its customers.

● A South Australian Supreme Court hearing – designed to inform the court of the outcome of various shareholder meetings called to approve a four-way merger of Normandy Mining and three associated companies into a A$3bn (US$2.3bn) mining house - was adjourned yesterday until April 11.

At the meetings, held last Friday, most shareholders were in favour of transaction.

However, the participation of one of the companies – PosGold – in the scheme was blocked by Melbourne-based Newcrest Mining, which has expressed a desire to merge with Normandy.

Newcrest holds a 12.5 per cent stake in PosGold, large enough for it to vote down the deal.

Since then, there has been speculation over whether Normandy will try to resurrect the plan, or whether Newcrest will feel obliged to make a bid.

Mr Robert Champion de Crespigny, Normandy's chairman, has said he is still confident his merger plan will would go ahead.

Charge of £39m for further cost cutting at Cruzcampo

Guinness falls 4% to £876m

By David Blackwell

Guinness, the spirits and brewing group that warned in January of an additional £39m restructuring charge, yesterday reported a 4 per cent decline in profits on flat sales last year.

Pre-tax profits fell from £915m to £876m ($1.34bn) on sales of £4.68bn (£4.69bn). The additional charge – mainly for another round of cost-cutting at Cruzcampo, the Spanish brewing subsidiary – took total reorganisation costs to £64m.

Without the charge, and following a fall in interest payable from £130m to £114m, profits were £940m, a 3 per cent rise.

Shares in the group fell 11½p to close at 460½p.

While the group is expecting to wring some price increases from the market this year, Mr Tony Greener, chairman, said he did not expect that trading conditions around the world would improve significantly. But he pledged to increase investment – which reached almost £300m last year – in both spirits and beer, and to "assert leadership in the industry".

United Distillers, the spirits division, had not had an easy year, said Mr Greener. But the reorganisation of the business into six geographic regions had been completed, and sales of both Johnnie Walker whisky – the world's best selling spirit – and Gordon's gin had improved.

The division, which accounted for £35m of the reorganisation charge, made operating profits of £673m, down from £700m previously. Spirits accounted for 55 per cent of total sales at £2.6bn, down 5 per cent.

The group said that after adjusting for currency exchange and a US disposal United's trading profits were down by 1 per cent. The decline was blamed on Japan, continental Europe and the secondary brands in the US. Profits from those three areas were down £51m, but profits from the rest of the world were 6 per cent ahead. UK profits grew 8 per cent to £54m.

BET predicts sharp rise in profits

By Tim Burt and Geoff Dyer

BET, the business services group fighting a £1.8bn takeover bid from Rentokil, yesterday predicted a sharp rise in profits and renewed its attack on its UK rival.

Accusing Rentokil of trying to create a 1980s-style conglomerate, BET warned shareholders that they risked halving their dividend income if they accepted the cash and paper offer from the industrial services and pest control business.

The company outstripped most analysts' expectations by predicting pre-tax profits would increase 28 per cent this year to about £142m.

Mr John Clark, BET's chief executive, said the profits forecast proved the group had outperformed Rentokil's own 20 per cent growth record.

American-born Mr Clark added: "We came in to fix this mother and now it's really growing."

Mr Clive Thompson, Rentokil chief executive, was unimpressed. He claimed BET shareholders would be disappointed by the figures and urged Mr Clark to consider recommending his offer.

"We are surprised that they were unable to produce more."

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Abbott Mead Vickers	Yr to Dec 31	287.1	(243.2)	10.4	(8.22)	18.33	(15.66)	6.25	June 7	5.15	9	7.4
Applied Distrib	Yr to Dec 31	42.5	(33.5)	5.07	(4.01)	10.4†	(9.7)	3	May 22	2.7	4.5	4
APV	Yr to Dec 31	881.9	(874.6)	26.9♠	(18.2L♠)	7.2	(8.3L)	1.7	July 1	1.7	2.7	2.7
Bilston Battersea §	Yr to Dec 31	6.34	(5.85)	0.31	(0.217)	2.8	(1.8)	nil	-	nil	nil	nil
Blagden Inds	Yr to Dec 31	239.4	(234.3)	9.06	(5.6L♠)	8.3	(11.5L)	2大	May 24	nil	2大	nil
Bruntcliffe	Yr to Dec 31	24.2	(21.9)	1.38	(1.62♠)	1.7	(1.7)	0.85	July 2	0.85	1.25	1.25
[illegible]	Yr to Dec 31	294.3	(230.1)	29.2	(16.7♠)	14†	(8.7)	4.45	May 28	3.6	6.9	5.75
Colleagues	Yr to Dec 31	51.3	(36.2)	3.88	(3.03)	12	(9.5)	3	Apr 30	-	4	-
Division	Yr to Oct 31	4.83	(5.27)	3.89L	(1.44L)	9.2L†	(4L)	-	-	-	-	-
Estates & General	Yr to Dec 31	7.68	(9.37)	1.83L♠	(1.75L♥)	8L	(7.8L)	nil	-	nil	nil	nil
Flare	Yr to Dec 31	11.5	(9.06)	1.31	(6.3L♠)	12.7	(117.9L)	nil	-	nil	-	nil
Frost	Yr to Dec 31	451.5	(229.4)	11.1♠	(10.9)	10.2	(11)	3.8	July 1	3.2	7	5.6
Geest	Yr to Dec 30	659.8	(675.7)	0.6L♠	(12.8)	3.5L	(13.2)	4.4	July 1	4.4	8.1	8.1
Gleeson (MJ)	6 mths to Dec 31	90.9	(84.9)	3.48	(3.24)	22.87	(21.55)	3.75	June 28	3.55	-	15
Guinness	Yr to Dec 31	4,681	(4,690)	876♠	(915)	29.4	(31.6)	10.7	May 21	9.9	14.9	13.8
Hepworth	Yr to Dec 31	765.9	(693.9)	74.5	(75.5)	20.8	(21.6)	9.35	July 12	8.35	14.85	14.85
Invesco	Yr to Dec 31	182.1	(178.6)	50.4♥	(39.3♥)	13.7	(11.7)	4大	July 1	3.5大	5.75大	4.75大大
Irish Life ‡	Yr to Dec 31 ★	-	(-)	56.4	(54.6)	11.59	(11.22)	7.75	May 24	7	11	10
Laing (John)	Yr to Dec 31	1,206	(1,172)	20.1	(23.8♥)	13.5	(17)	6	July 5	6	9	9
Landa	6 mths to Dec 31	0.363	(0.106)	0.129L♥	(0.168L♥)	0.77L	(1.02L)	-	-	-	-	0.25
Manders	Yr to Dec 31	154.8	(117.9)	11.6♠	(23.9♥)	20.24	(41.09)	8.4	May 31	8.1	11.5	11
Maunders (John)	6 mths to Dec 31	34	(37.8)	2.53	(3.61)	6.76	(9.67)	2.45	Apr 26	2.45	-	5.7
Midland Independent	Yr to Dec 31	98.3	(89.5)	18.3	(12.7)	7.91†	(8.84)	2.3	June 6	2.2	3.5	3.3
National Express	Yr to Dec 31	317.7	(170)	41.5♠	(15.2)	35.5	(25.5)	7	May 10	6	10	8.7
Quality Software	Yr to Dec 31	21.3	(16.5)	0.5♠	(2.5)	5.2†	(26.9)	1.5	July 17	3.5	3	4.5
Rea Brothers	Yr to Dec 31	-	(-)	1.34	(1.18)	2.08†	(2.01)	0.5	May 15	0.5	1	1
Rotork	Yr to Dec 31	80	(77.1)	15.3	(14)	11.11	(10.01)	3.3	May 29	2.9	5.4	4.8
Servisair	Yr to Dec 31	127.9	(110.8)	5.96	(2.91♠)	10.7	(6.4)	2.9	May 28	2.5	4.3	3.8
TDS Circuits §	Yr to Dec 31	10.1	(7.83)	0.286	(0.429L)	0.01	(7.48L)	nil	-	nil	nil	nil
Try	Yr to Dec 31	137.2	(130.1)	4.39L♠	(0.62)	6.35L	(0.8)	nil	-	0.5	nil	1

Investment Trusts		NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Exeter Preferred	Yr to Jan 31	171.5	(144)	0.115	(0.115)	0.49	(0.49)	0.49	May 24	0.49	0.49	0.49
Foreign & Colonial	Yr to Dec 31	160.3	(134.7)	26.8	(22.8)	2.55	(2.16)	1.4366	Apr 29	1.2787	2.0666	1.8787
Premium	6 mths to Feb 29	105.5	(78.4)	0.376	(0.413)	1.9	(2.09)	1.5	May 16	1	-	3.5※

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. ♠After exceptional charge. ♥After exceptional credit. †On increased capital. §USM stock. 大Foreign income dividend. 大大Part FID. ‡Irish currency. ★ Comparatives restated. ※Includes 0.5p special.

Hepworth slips after setback in second half

By Andrew Taylor, Construction Correspondent

A free fall in UK housebuilding in the second half of last year meant Hepworth, the building materials and central heating boilers group, was unable to maintain full year profits.

The pre-tax outcome dipped £1m to £74.5m ($114m) on turnover ahead 10 per cent to £765.9m. Mr John Carter, chief executive, said there had been a revival in UK house sales in the first three months of this year but this had yet to work though to increased construction.

Trading conditions in continental European markets, which had been adversely affected by poor weather in the opening months of 1996, also were likely to remain difficult.

As a result first half profits were unlikely to match last year's stronger showing, achieved before the UK housing market turned down.

Prospects for the second half of 1996, however, looked brighter provided the UK housing revival was not derailed by an early general election, said Mr Carter.

The company is seeking shareholder permission to buy back up to 10 per cent of its issued capital, although it has no intention of taking advantage of this authority in the immediate future.

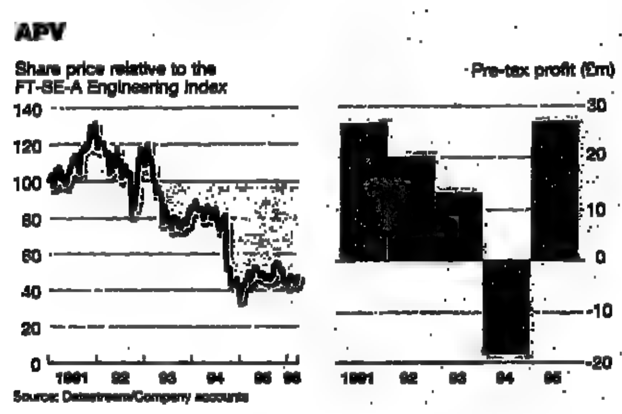
"It is simply a good housekeeping measure," said Mr Carter.

The building products division, which provides about 75 per cent of the UK market for large clay drainage pipes, was particularly badly hit by the decline in housebuilding. Profits in the second half tumbled 45 per cent to £5.3m and for the full year dipped to £16.1m (£19.3m).

Industry sales of central heating boilers in the UK fell by 9 per cent last year, reflecting lack of confidence in the housing market. As result the home products division dipped to £9m (£12.8m).

Saunier Duval, the French-based boiler manufacturer, did well to hold profits at £29m in generally difficult continental European markets, Italy apart. The refractories division, increased profits reflecting strong world demand. Industrial sands rose to £11.9m.

Restructuring benefits APV



Source: Datastream/Company accounts

By Tim Burt

APV, the food and drink equipment manufacturer, yesterday showed the benefits of its hefty restructuring last year by announcing a return to profits. The company, which incurred £18.2m ($28m) losses in 1994, bounced back with pre-tax profits of £26.9m, on sales from continuing operations of £881.9m (£874.6m).

Mr Neil French, chief executive, said the improvement justified the decision to sell non-core businesses, raising £41m.

"There is still more to do if we are to cut costs in areas such as the US dry foods business and our cheese business in Australia," he added.

APV said this additional restructuring would cost a further £10.9m this year and next, on top of the £10.5m charge in 1995 and the £32.5m of exceptionals in the previous year.

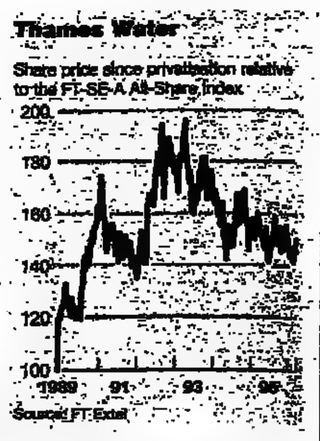
Although Mr French said the group was enjoying the rewards of that programme, he hinted that the effort would have to be accelerated to offset sluggish trading conditions.

The value of APV's order book fell by 7 per cent to about £280m, reflecting weakness in most of the group's main markets. "We expect that the trading environment will continue to be challenging," said Sir Peter Cazalet, the chairman.

He also expressed disappointment at the group's working capital demands, which rose by £21.7m following an increase in debtors. But Sir Peter – who is to be succeeded later this year by Mr Mike Smith, a former director of BTR – predicted working capital would fall back again this year.

LEX COMMENT

Thames Water



Thames Water's diversification programme has been a disaster. Since privatisation the group has spent £120m on engineering and contracting businesses which have racked up losses of £70m. Now Thames is charging another £95m to get rid of most of them. At least this drastic action, coupled with the departure of the chief executive, should produce a cleaner group, focused on a well-run water utility. To regain credibility, the management must now concentrate on squeezing costs out of the water business and making sure that there are no more mistakes on the non-core side. Thames should also gear up its balance sheet by buying back shares or paying a mega-dividend. That would cheer investors up.

BET/Rentokil

BET fired its big gun yesterday and nothing happened. Its forecast of a 28 per cent profits increase for the year to March failed to impress the market – the shares gained just 3p and stand only 2.5 per cent above the value of Rentokil's shares and cash offer. Nor does BET's argument that it is growing faster than Rentokil hold much water, since analysts expect BET's earnings growth to slow to 10 per cent in 1996/97. Rentokil is now in a very strong position. Its own shares have been rising, making it easier to finance an increased offer. As it stands it could probably risk raising its bid by a marginal 10p and tough it out. BET's reluctance to negotiate with Rentokil looks increasingly short-sighted.

DIGEST

£95m charge as Thames retreats

Mr Michael Hoffman stepped down as chief executive of Thames Water yesterday after the board sanctioned a £95m ($145m) restructuring to reverse the group's disastrous diversification into overseas contracting.

The restructuring, which follows an eight-month strategic review, will see Thames sell 60 per cent of the businesses it acquired in a diversification programme to build revenues from outside its heavily regulated core business of water supply and sewage disposal in the UK.

In the first four years after privatisation in 1989 the group spent more than £120m on acquisitions – most of them in the water processing design and construction overseas – but they subsequently cost Thames about £70m in operating losses, including £26m in the latest financial year.

The stock market welcomed the news, with Thames shares climbing 17p to 575p.

Mr Robert Miller-Bakewell, analyst at NatWest Securities, said: "They've cleaned up the problems in the business but this is 2¼ years overdue." *Patrick Harverson*

Sun Alliance in Friends talks

Sun Alliance, the composite insurance group, is in informal talks with Friends Provident, the mutual life assurer, about the possibility of acquiring its business.

Discussions are at an early stage, but both companies have made clear they wish to participate in the shake-out restructuring of the UK life assurance sector.

A combined group would be likely to retain the Friends Provident brand name, which would give Sun Alliance a high-profile presence for selling life and investments through independent financial advisers.

Alison Smith and Ralph Atkins

Blagden back in black with £9m

Blagden Industries, the steel drum, chemicals and protective equipment group, consolidated its recovery in the second half of last year, returning to the black with pre-tax profits of £9m for the 12 months. Blagden, which has restructured all operations and sold unprofitable businesses, said recovery had occurred at a "more rapid pace than was originally anticipated" in the second half. This compared with losses of £5.6m in 1994, struck after exceptional charges of £7.3m. *Motoko Rich*

COMMODITIES AND AGRICULTURE

LME tries to ease lead squeeze

By Kenneth Gooding, Mining Correspondent

The London Metal Exchange board took emergency action yesterday to prevent "an undesireable situation" developing in its lead market, which is in the grip of a ferocious technical squeeze.

Traders were taken by surprise when Mr David King, the chief executive, halted trading just after midday to announce that the LME was limiting the cost of carrying over a short position in lead for one day to $27 a tonne.

Earlier this week this premium reached $40 and when Mr King interrupted trading it was about $35. In after-hours trading last night it had retreated to $25. Lead is used mainly in batteries.

Mr King said later that the lead market remained orderly at present but, because of the genuine tightness in lead supplies, "some constraints were necessary to keep it orderly."

He pointed out that the LME had a legal duty to maintain an orderly market. It also owed a duty to the industries that used the market to hedge their risks. About 90 per cent of base metals industries used LME settlement prices and they expected those prices to reflect the fundamental supply-demand situation.

Some traders complained that the LME's action once again favoured those who had "gone short" of metal, or sold lead they did not own on the expectation that the price would fall and they could buy it later and pocket the profit.

However, Mr Robin Bhar, analyst at Brandeis, the Pechiney trading subsidiary, insisted: "The LME's action was justified. It acted at an early enough stage to prevent the situation getting more nasty. The lead market had got too hot to handle, but this should calm it down."

In spite of Mr King's intervention, lead prices still rose yesterday. Metal for immediate delivery closed last night at $927.50 a tonne, up $14.50, while lead for delivery in three months was $813.50, up $2.25. This meant the premium for immediate delivery, or backwardation, increased from $101.75 a tonne to $114.

A senior official at Glencore, the Switzerland-based international trading group widely believed to be one of those squeezing the lead market, told the Reuters news agency the fact that prices continued to rise was "the best demonstration [of the extent of the tightness]. Normally prices would fall in reaction to direct exchange intervention of this nature".

The Glencore official said the the $27 a day limit looked "slightly low considering the lack of physical metal available."

Lead stocks in LME-authorised warehouses have fallen from a peak of 372,650 tonnes in October 1994 to 88,175 tonnes, a critical level. The Glencore official said he estimated that another 35,000 tonnes would be removed before long and Glencore itself "will lift quite a lot of physical material out of warehouses".

Mr Bhar pointed out that the LME board could take further action to prevent the situation deteriorating – for example, limiting the premium between cash and three-month metal.

David King: "Some constraints were necessary" to keep the market orderly.

Health and environment enlisted in tea sales drive

Alison Maitland on efforts to combat the unglamorous image the beverage presents to investors

Seduction in a stately home over a pot of finely brewed tea? Scarcely likely. While coffee-drinkers are advertised as suave, sexy and powerful, tea advertisements in the UK stick to talking chimpanzees and cartoon men in cloth caps.

The same is true of investment in the world's favourite warm beverages. The dizzy upward spiral in the price of coffee in 1994 turned it into the hottest food commodity of the year. Yet one does not hear of speculative money pouring into tea.

"Tea is not a very glamorous investment," agrees Mr Philip Magor, managing director of Williamson Tea, which produces 10 per cent of India's crop.

The most obvious reasons for this contrast between tea and coffee are that tea prices at the London auction are the same today as 15 years ago in absolute terms - and there are no futures contracts in tea, and thus no opportunity for price speculation.

Tea prices have remained depressed except for two periods when they shot upwards – in 1983-84 when the Indian government restricted exports, and in 1992-93, following a drought in the tea producing regions of south-east Africa, southern India and Sri Lanka. "It's very bad, to put it politely," says Mr Iltyd Lewis, executive director of the London-based Tea Council, a promotional body.

Mr Lewis blames chronic oversupply, with a surplus running at about 80,000 tonnes a year, against overall production of 2.5m tonnes.

With the exception of India, tea is only marginally profitable in most producing countries, according to Mr Timothy Carter, senior partner at tea brokers Thompson Lloyd & Ewart. "Tea estates for sale in Malawi or Tanzania are not exactly being snapped up," he says.

Mr Magor says there would have been "a big, big problem" for tea producers if it had not been that developing countries like India and Kenya had seen their currencies devalue and returns on tea exports increase.

He explains that tea estates swallow capital, and the return is not as attractive as in industries such as technology or services. "Tea is a very long-term prospect. The barrier to entry is huge." Thus the most recent investments have been quasi-governmental, rather than commercial, such as those by the Commonwealth Development Corporation in ailing estates in east Africa.

Mr Magor is, however, optimistic about the opportunities in India, where Williamson Tea reinvests its profits in upgrading and replanting to improve efficiency and yields. "[Organic expansion] has to have the highest potential for meeting the expected growth in demand for tea in the next 30 years."

In India, 70 per cent of production is consumed domestically. But Mr Magor points out that there is huge room for increased sales – per capita consumption is still only 0.7kg a year, compared with over 3kg in Ireland and 2.6kg in the UK.

Other tea specialists point to Sri Lanka and Kenya as offering potential attractions. Sri Lanka's estates, on a bumpy road to privatisation, have already attracted interest from large domestic companies and from India. Kenya, straddling the equator, has year-round production, low production costs, good communications and possibilities for further expansion in what is a relatively young industry.

Apart from buying in directly, the only way to invest is to acquire shares of listed tea companies. Experts attribute the lack of a futures market to the variable nature of tea and its relatively short shelf-life. "It's 100 different commodities," says Mr Carter.

Picking takes place every eight days to two weeks for much or all of the year, rather than once or twice a year like other soft commodities, and quality at each successive plucking can be affected by factors such as whether it is raining. "There are so many intangibles about producing it, from the weather to how the earth reacts to fertiliser when conditions are not ideal," says Mr Michael Dennehey, group accountant at Moran, which has four tea gardens covering over 2,000 hectares in Assam. "It's a very difficult commodity to analyse because it's so variable."

Tea cannot be stockpiled like coffee, depriving producers of the weapon of withholding exports *en masse* until prices pick up. It keeps for 18 months to two years at most, whereas raw coffee beans can be kept for many years.

Experts say the industry is adept at rectifying shortages swiftly. It is also less prone to the rumour and speculation that set the coffee market alight periodically, because information about tea supplies is more accurate and transparent. "Nobody has been able to convince the tea industry a futures market would be beneficial," says Mr Magor.

Another factor is that there is no simple demarcation between tea buyers and sellers. Companies making tea-bags for UK supermarkets, for example, produce most of the tea they use themselves but also buy some high-quality teas from specialists like Moran to improve the blend.

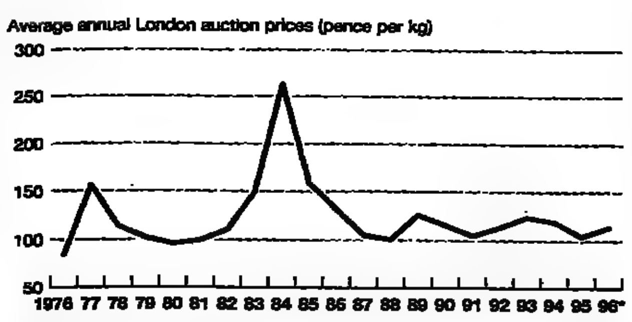
So is tea condemned to remain the preserve of the specialists, or could it attract the more general investor one day? Marketing may provide part of the answer. The Common Fund for Commodities, a United Nations body, is investing $4.6m between 1995 and 1999 to promote the health properties of tea. Mr Lewis says both producer and consumer countries are contributing. The idea is to wipe out the annual surplus by increasing worldwide consumption.

He argues that tea is environmentally sound because it provides "a solid table of green matter" that helps the atmosphere and stops soil erosion. It tends to be grown at higher altitudes, avoiding the need for a lot of pesticides. It is cheap, calorie-free, contains potassium, zinc and some fluorides, and could be useful in preventing diseases such as cancer and strokes, he says. Some of the funding will research the role of black tea in preventative medicine.

If this work is successful, it may attract fresh investment interest in tea. There is also the unknown, as Mr Magor points out. Tea prices might suddenly take off if drought or civil war hit several major producing regions at the same time. That, however, is like taking a bet after reading the tea leaves at the bottom of the cup.

Tea

Average annual London auction prices (pence per kg)



Source: Tea Brokers Association of London *to date

Technology seen depressing cobalt price

By Kenneth Gooding, Mining Correspondent

Cobalt prices will be under severe downward pressure by the end of this decade because of a new technology that is likely to be widely used in future, according to the Brook Hunt metals consultancy.

The technology, known as pressure acid leaching, increases the recovery of cobalt as a by-product when laterite nickel ore is treated. Brook Hunt analysed seven potential pressure acid leaching projects that have the potential to deliver more than 20,000 tonnes of cobalt to the market. "This would double the western world's existing annual cobalt output, putting severe downward pressure on prices," says Brook Hunt in its latest Nickel Industry Cost Study.

The huge Voisey's Bay nickel-cobalt discovery in Labrador, which the owners hope to bring into production before the end of this decade, has the potential to add another 3,500 tonnes of cobalt to supply.

Brook Hunt warns: "Lower cobalt prices in the future should be factored into any current evaluation of new nickel projects which rely on significant [cobalt] by-product credits to enhance returns."

The study also suggests that the impact of the extra, low-cost material from Voisey's Bay is likely to cut the average western world cash cost of producing nickel from sulphide ore by 20 per cent when it comes into production. It estimates that at present the global average works out at just under $1.60 a pound (equivalent to about $3,500 a tonne).

Brook Hunt identified 23 potential new nickel projects with a combined annual capacity of 600,000 tonnes – equivalent to more than 90 per cent of present western world production. But so far only four of them have been given the go-ahead.

MIM finds more gold

By Nikki Tait in Sydney

MIM, the Queensland-based mining group has announced the discovery of a "significant" new gold deposit at its Sarsfield prospect in north Queensland. Shares in the company jumped on the news.

MIM said that that an intensive drilling programme over the past year had outlined resources and reserves totalling around 24m tonnes, with a grade of 1.4 grams per tonne. This indicated around 1.1m ounces of contained gold.

The company said that it would immediately begin a feasibility study into whether – or how – the resource should be developed.

Most of the deposit was less than 150 metres below the surface, so open-cut mining would be considered, it added.

There was a knock-on effect for Haoma Mining, MIM's junior partner in the Nolan's gold project at Ravenswood, which came into production last year. Nolan's processing plant is one kilometre south of Sarsfield.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1645-46	1676-77
[illegible]	[illegible]	[illegible]

■ ALUMINIUM ALLOY ($ per tonne)

[illegible]	[illegible]	[illegible]

■ LEAD ($ per tonne)

[illegible]	[illegible]	[illegible]

■ NICKEL ($ per tonne)

[illegible]	[illegible]	[illegible]

■ TIN ($ per tonne)

[illegible]	[illegible]	[illegible]

■ ZINC, special high grade ($ per tonne)

[illegible]	[illegible]	[illegible]

■ COPPER, grade A ($ per tonne)

[illegible]	[illegible]	[illegible]

■ LME AM Official £/$ rate: 1.5374

LME Closing £/$ rate: 1.5370

Spot: 1.5362 3 mths: 1.5349 6 mths: 1.5319 9 mths: 1.5298

■ HIGH GRADE COPPER (COMEX)

	Sett price	Day's change	High	Low	Vol	Open int
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PRECIOUS METALS

■ LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

[illegible]	[illegible]	[illegible]	[illegible]

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	398.3	+2.3	–	–	4	–
Apr	399.7	+2.2	399.2	[illegible]	24,466	80,777
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ SILVER COMEX (5,000 Troy oz.; Cents/troy oz.)

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ CRUDE OIL IPE ($/barrel)

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ HEATING OIL NYMEX (42,000 US galls; c/US galls.)

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ GAS OIL IPE ($/tonne)

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu)

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ UNLEADED GASOLINE NYMEX (42,000 US galls; c/US galls.)

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	119.20	–	–	–	–	48
May	121.00	+0.10	121.50	120.90	224	3,312
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ WHEAT CBT (5,000 bu min; cents/60lb bushel)

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ BARLEY LCE (£ per tonne)

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total					10,326	[illegible]

■ SOYABEAN MEAL CBT (100 tons; $/ton)

May	226.6	+7.4	227.2	225.3	11,268	39,712
Jul	229.9	[illegible]	230.2	228.5	6,717	29,033
Aug	230.9	+2.3	231.0	229.2	503	5,390
Sep	230.2	+0.9	230.4	229.2	256	3,490
Oct	228.8	-0.7	229.0	227.8	377	3,135
Dec	228.9	+0.1	230.0	227.9	1,221	8,616
Total					21,194	90,369

■ POTATOES LCE (£/tonne)

Apr	[illegible]	+0.8	158.8	153.0	23	582
May	164.9	+1.9	167.0	161.0	21	94
Jun	225.0	–	–	–	–	–
Nov	105.0	–	–	–	–	–
Mar	130.0	–	–	–	–	–
Apr	114.0	-4.5	118.0	116.0	26	93
Total					70	769

■ FREIGHT (BIFFEX) LCE ($10/index point)

Mar	1446	+8	1450	1448	9	585
Apr	[illegible]	-7	1540	1520	124	1,221
May	1469	-3	1480	1469	27	664
Jul	1335	+10	1340	1335	7	1,883
Oct	[illegible]	–	–	–	–	708
Jan	1408	[illegible]	–	–	–	56
Total					157	5,169

	Close	Prev
BFI	1417	1406

FUTURES DATA

All futures data supplied by CMS.

Wool

The wool market is still showing no decisive trend. The main Australian Indicator touched new seasonal lows but recovered to 569 cents/kg against 570 cents/kg last week. New Zealand's Indicator fell 11 cents to 495 cents/kg. These changes reflected the currency movements during the week. The Australian recovery was bouyed by the coming Easter recess. Interest from Chinese wool buyers may be improving with a solution to long-standing import tariff problems in sight. Trade in the main wool using countries remains difficult and very competitive.

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	875	+2	880	862	32	30
May	880	-2	892	[illegible]	1,050	[illegible]
Jul	912	–	913	904	1,434	17,185
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ COCOA CSCE (10 tonnes; $/tonnes)

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ COCOA (ICCO) (SDR's/tonne)

	Price	Prev. day
[illegible]	[illegible]	911.13

■ COFFEE LCE ($/tonne)

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1,893
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13,733
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5,207
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3,444
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1,756
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	881
Total					[illegible]	27,015

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	16,404
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5,881
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3,727
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1,763
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	446
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	109
Total					[illegible]	28,130

■ COFFEE (ICO) (US cents/pound)

	Price	Prev. day
[illegible]	[illegible]	107.46
15 day average	[illegible]	104.65

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

[illegible]	11.90	[illegible]	[illegible]	[illegible]	[illegible]	–
[illegible]	11.90	[illegible]	[illegible]	[illegible]	[illegible]	–
[illegible]	11.90	[illegible]	[illegible]	[illegible]	[illegible]	–
Total					–	–

■ WHITE SUGAR LCE ($/tonne)

May	395.1	-2.9	398.1	393.5	982	12,626
Aug	373.1	-1.2	374.1	371.0	588	7,735
Oct	336.6	-1.4	[illegible]	335.0	179	4,701
Dec	325.6	-0.8	325.0	325.0	10	2,579
Mar	317.7	-2.8	318.1	317.0	392	940
May	313.3	-4.0	314.8	313.5	108	763
Total					[illegible]	38,344

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

May	12.24	-0.24	12.44	12.16	6,319	64,770
Jul	11.11	-0.05	11.15	11.00	3,859	39,393
Oct	10.67	+0.01	10.70	10.61	1,572	27,853
Mar	10.31	-0.03	10.34	10.28	1,488	16,095
May	10.21	-0.04	10.23	10.25	203	4,474
Jul	10.04	-0.04	10.08	10.03	121	1,957
Total					13,541	154,986

■ COTTON NYCE (50,000lbs; cents/lbs)

May	84.25	-1.40	85.15	83.98	6,431	21,568
Jul	85.10	-1.08	85.80	84.83	2,005	12,242
Oct	81.07	-0.73	81.50	80.85	115	2,545
Dec	79.60	-0.39	79.70	79.50	1,097	10,073
Mar	80.30	-0.38	80.45	80.29	48	1,982
May	80.90	-0.45	80.80	80.80	12	852
Total					9,733	59,290

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

May	133.90	+2.25	134.10	131.30	1,663	16,202
Jul	131.80	+1.45	132.00	130.25	235	4,387
Sep	129.80	+1.65	130.05	129.00	140	2,314
Nov	126.75	+2.10	126.75	126.75	7	884
Jan	124.50	+1.90	124.50	124.00	2	2,662
Mar	126.50	+1.90	–	–	4	184
Total					2,057	26,710

VOLUME DATA

Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME and CSCE are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Mar 21	Mar 20	month ago	year ago
2133.8	2136.7	2153.1	2323.4

■ CRB Futures (Base: 1967=100)

Mar 20	Mar 19	month ago	year ago
250.41	249.90	249.93	234.48

■ GSCI Spot (Base: 1970=100)

Mar 20	Mar 19	month ago	year ago
203.89	202.86	194.53	177.01

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open int
Apr	64.600	-0.025	64.825	64.475	4,520	25,367
Jun	63.950	+0.05	64.250	63.800	[illegible]	[illegible]
Aug	63.050	-0.025	63.200	62.950	1,209	15,539
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ LIVE HOGS CME (40,000lbs; cents/lbs)

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oct	45.600	-0.05	45.600	45.500	195	2,980
Dec	46.725	+0.025	46.900	46.700	107	1,607
Total					8,484	38,701

■ PORK BELLIES CME (40,000lbs; cents/lbs)

Mar	70.200	+1.3	70.200	69.250	94	280
May	69.200	+1.45	69.550	68.150	1,415	6,863
Jul	66.325	+7.5	66.450	65.100	317	2,863
Aug	62.075	+0.825	62.950	61.950	59	777
Feb	61.600	+0.225	62.600	61.950	12	110
Mar	61.025	+0.225	61.025	–	2	8
Total					1,898	10,402

LONDON TRADED OPTIONS

Strike price $ tonne	Calls		Puts	
■ ALUMINIUM (99.7%) LME	Jun	Sep	Jun	Sep
1600	97	133	24	42
1700	43	79	68	85
1800	14	45	133	145
■ COPPER (Grade A) LME	Jun	Sep	Jun	Sep
2400	162	138	14	53
2500	90	85	42	97
2600	42	45	92	157
■ COFFEE LCE	May	Jul	May	Jul
1850	95	131	49	143
1900	69	112	73	174
1950	49	95	103	207
■ COCOA LCE	May	Jul	May	Jul
875	26	59	11	22
900	13	44	23	32
925	6	33	41	46
■ BRENT CRUDE IPE	May	Jun	May	Jun
1850	77	-	56	-
1900	53	34	-	-
1950	35	-	-	-

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel)

		+or-
Dubai	$16.87-6.93x	-0.055
Brent Blend (dated)	$20.37-0.45	-0.01
Brent Blend (May)	$18.72-8.75	-0.085
W.T.I.	$20.84-0.86x	+0.025

■ OIL PRODUCTS NWEprompt delivery CIF (tonne)

Premium Gasoline	$201-203	
Gas Oil	$194-196	-4
Heavy Fuel Oil	$104-106	
Naphtha	$173-175	
Jet fuel	$224-226	
Diesel	$194-196	-4

Petroleum Argus. Tel. London (0171) 359 8792

■ OTHER

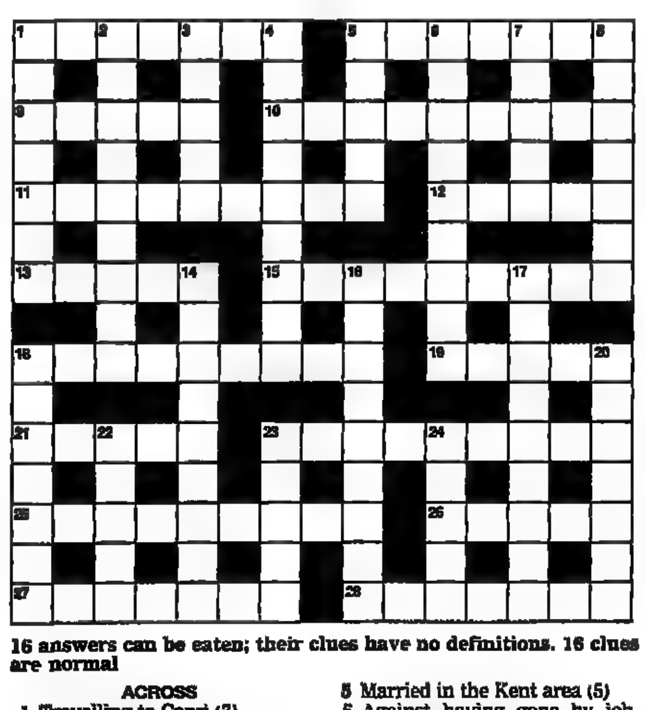
Gold (per troy oz)♣	$396.80	+1.80
Silver (per troy oz)♣	560.50c	+1.00
Platinum (per troy oz.)	$411.75	+0.50
Palladium (per troy oz.)	$139.00	+0.05
Copper	123.0c	-1.0
Lead (US prod.)	45.00c	
Tin (Kuala Lumpur)	15.86r	+0.06
Tin (New York)	300.5	
Cattle (live weight)†	114.71p	-4.67*
Sheep (live weight)†♠	156.39p	+15.95*
Pigs (live weight)†	110.43p	+0.70*
Lon. day sugar (raw)	$328.3	-0.2
Lon. day sugar (wte)	$407.5	-1.0
Barley (Eng. feed)	113.25	
Maize (US No3 Yellow)	146.5z	
Wheat (US Dark North)	Unq.	
Rubber (Apr)♥	104.25p	+0.25
Rubber (May)♥	103.50p	+0.25
Rubber (KL RSS No1)	387.50m	-1.50
Coconut Oil (Phil)§	$720.0v	-7.5
Palm Oil (Malay.)§	$530.0z	+5.0
Copra (Phil)§	457.0	
Soyabeans (US)	205.0v	+1.0
Cotton Outlook'A' Index	83.85	+0.40
Wooltops (64s Super)	442p	+2

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. x May. z Apr. v Apr/May. y Apr/Jun.♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. ♠ Sheep (Live weight prices). * Change on week. †Prices are for previous week.

JOTTER PAD

CROSSWORD

No.9,025 Set by GRIFFIN



16 answers can be eaten; their clues have no definitions. 16 clues are normal

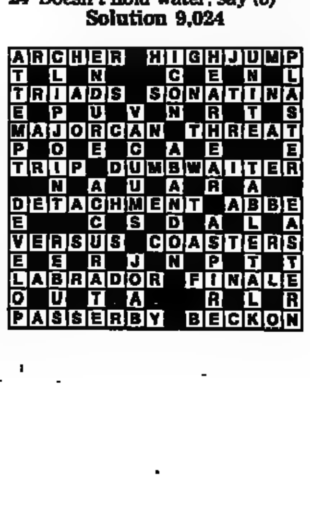
ACROSS

1 Travelling to Capri (7)
5 Attempt to embrace everyone (7)
9 Against a group attack (5)
10 Went in again, looking angry about note on register (2-7)
11 Bun I agree needs improving (9)
12 May be pressed to go faster (5)
13 Horrible people ring King George – he's not the first (5)
15 Sweetener that's hard to use? (4,5)
18 Patriotic supporters say toll is wrong (9)
19 Thus admitting vicar's backing divisions in cricket? (5)
21 In no way unpleasant (5)
23 A royal saying not normally left in (9)
25 German city ruler (9)
26 Remove some found over a settee (5)
27 Police search could spell danger to model (7)
28 A lock a journalist returned (7)

DOWN

1 Eggs turned up with a cod, battered (7)
2 Next to go wrong in following file (9)
3 Provide food for pet without a middle ear (5)
4 Still a-wandering behind the hill (9)
5 Married in the Kent area (5)
6 Against having gone by job centre (9)
7 Shocking Lucy Cyrus goes free (5)
8 Baby to theologian and the French redhead (7)
14 All sunny tours around Leatherhead (5,4)
16 Holy Mother's first to be slaughtered (9)
17 Half greedily, has an egg scrambled (9)
18 Had meal and started without first asking (7)
20 Doubt religious group will accept American piano (7)
22 Where you'll find a doctor in South Africa (5)
23 The American soldier understood (5)
24 Doesn't hold water, say (5)

Solution 9,024



French prices fall on supply concerns

By Richard Lapper in London and Lisa Bransten in New York

The prices of French bonds fell yesterday, underperforming both the German and US markets, which consolidated their gains made on Wednesday. Supply fears and currency weakness were among the factors attributed for the disappointing performance by the French market. There were also reports of heavy institutional sales of OATs.

The 10-year yield spread, which had fallen to as low as 11 basis points earlier in the week, widened out to 18 points on Wednesday and to 26 points by yesterday's close, its widest level for a fortnight.

Yesterday's deterioration interrupts a strong period of outperformance by the French markets, fuelled in part by an increase in domestic retail demand for longer-dated paper as a result of tax changes.

"This was an accident waiting to happen," said Mr Mark Fox, European strategist for Lehman Brothers in London. "The market has defied gravity for the last month and a half entirely due to domestic cash flows."

Analysts said that the Treasury's mid-morning auction of two- and five-year notes was slightly larger than expected and the response disappointing. Some FFr9.65bn of two-year notes were auctioned at average yields of 4.87 per cent, and FFr9.97bn of five-year paper at an average yield of 5.67 per cent.

Local press reports of possible strike action in the defence industry also caused some concern among traders. On a day in which Denmark and Sweden both announced interest rate cuts, dealers were also disappointed by the absence of similar action by the Bank of France. On Matif the June 10-year notional lost nearly a third of a point to settle at 120.66, while June Pibor fell 0.09 to 95.52.

■ Mixed economic data led to volatile trading in US Treasuries early yesterday, but by early afternoon the market had stabilised.

Near midday, the benchmark 30-year Treasury was $\frac{1}{16}$ stronger at 92$\frac{1}{4}$ to yield 6.622 per cent, while the two-year note was unchanged at 98$\frac{7}{32}$, yielding 5.710 per cent.

In early trading, Treasuries slipped after weekly figures on first-time claims for unemployment benefits were not as high as many economists had expected. There was some question about how much the strike at General Motors, which has led to mass lay-offs across the US, had affected the figures.

At mid-morning, however, bonds bounced off their lows after the Federal Reserve Bank of Philadelphia said its index of regional business activity fell to a negative 0.1 in March from plus 3.8 in February.

The market was further comforted by signs that inflationary pressures remain at bay. Although the index of prices paid advanced modestly, it remained in negative territory.

GOVERNMENT BONDS

The dollar provided some support for the Treasury market by edging higher against the yen and the D-Mark.

In early trading, the US currency was changing hands at Y106.63 and DM1.4775 compared with Y106.39 and DM1.4739 late on Tuesday.

■ The improved tone in the US market helped boost German bond prices, with heavy buying of money market futures contracts a feature of the day's trading.

Analysts said that comments by Bundesbank officials, playing down Wednesday's higher than expected M3 figures, had a positive impact on prices.

West German producer price figures were unchanged over the month, accelerating the pace of annual price decline to –0.3 per cent in February from –0.1 per cent in January.

On Liffe the June 10-year bund future settled at 95.90, up 0.10 on the day.

The June euromark contract settled up 0.01 at 96.73, but contracts for future months performed particularly well. The December 1997 contract increased in price by 0.12 points to settle at 94.95, for example.

■ In the UK, data on retail prices last month initially disappointed the markets. However, gilts quickly regained ground, settling barely changed on the day.

"The figures were not so hot, but could have been much worse," said Mr Ian Shepherdson, UK economist at HSBC markets. "The rise in core inflation is clearly not a sign of across-the-board pressure."

■ European high-yielding markets moved largely in line with Germany, with Italian and Swedish spreads widening by 1 basis point and Spanish spreads narrowing by the same amount.

On Liffe the June 10-year BTP futures settled at 109.10, down 0.05. On Meff Spanish 10-year bono futures settled at 94.55, up 0.20.

In the Swedish market a rate cut by the Riksbank (reducing lending and discount rates to 8.25 per cent and 6.75 per cent respectively) was expected.

● The Chicago Board of Trade expects begin trading of Argentine and Brazilian Brady bond futures and options contracts to today pending regulatory approval. The exchange launched futures and options on a Mexican bond index on March 1.

"For the first time, Brady investors and traders will be able synthetically to create positions and employ strategies that take advantage of the relative creditworthiness of these Latin American countries," said Mr Patrick Arbor, chairman of the CBOT. The new contracts will be traded in units of $1,000.

Separately, the Chicago Mercantile Exchange said it would begin trading its futures and options on individual Mexican Brazilian and Argentine Brady bonds on March 26.

The CME products will be based on four individual Brady bonds – Mexican par bonds, Argentine floating-rate bonds, Brazilian C bonds and Brazilian eligible interest bonds.

The CME launched futures and options on the Mexican peso in April 1995 and on the Brazilian Real in November last year.

KfW decides on 12-year maturity for FFr2bn issue

By Samer Iskandar

In a quiet session dominated by asset-backed deals, two plain-vanilla issues stood out.

KfW International Finance tapped the French franc market for FFr2bn, via Société Générale. According to the arranger, which chose a 2008 maturity, "there was a lot of 10-year paper out there [and] we saw good demand for a 12-year maturity".

The pricing was judged "fair but not generous" at 7 basis points over the interpolated yield curve, which the lead manager said was justified by the "very strong name".

However, traders in London warn that the "French franc sector has seen, in the last few weeks, around 10 deals maturing in 10 years". They believe some of the recent issues have not been fully placed, which could put pressure on spreads.

The European Investment Bank asked BZW to manage a $275m four-year issue. The lead manager said the transaction was motivated by demand for three- to five-year paper from investors looking to diversify from the recent flood of "bank names in US dollars".

Elsewhere, Iceland chose to tap the D-Mark sector with a five-year floater. Market participants were critical of the pricing, which offered three-month

INTERNATIONAL BONDS

Libor flat where a margin of "around seven basis points would have seemed appropriate". One syndicate manager compared it with a recent floater by Portugal, offering an identical yield for a rating of AA–, against Iceland's A+.

NatWest Markets innovated in the asset-backed sector, by "re-securitising" an existing deal in sterling.

The Thames Asset Global Securitisation (TAGS) paper came out in two tranches. The senior tranches were awarded a triple-A rating by S&P, due to their "cross-collateralisation" with assets from the subordinated tranches.

Elsewhere, Toronto Dominion Bank launched a six-year deal in Australian dollars for New South Wales. A five-year maturity was initially envisaged, but was later lengthened due to "specific demand by bullish investors wanting to increase their duration", the lead manager said.

A $1.5bn global by Walt Disney, which was expected next week, is likely to be launched today, due to extensive preplacement by lead managers Merrill Lynch and CSFB.

The bonds will come in two tranches, maturing in five and 10 years. Pricing was initially announced at 38 to 40 basis points and 50 basis points over five and 10-year US Treasuries respectively, but the strong demand has tempted the lead managers to be less generous by about 3 to 5 basis points. Syndicate managers in London said an increase in the amount to $2bn could not be ruled out.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book-runner
US DOLLARS							
CFC-PAT 1996-1, Cls A2(a1)‡	645	(a1)	(a1)R	Nov 1997	0.1625R	-	Merrill Lynch
CFC-PAT 1996-1, Cls A3(a2)	400	(a2)	(a2)R	Nov 1997	0.2125R	-	Merrill Lynch
European Investment Bank	275	6.00	99.83R	Apr 2000	0.225R	flat(i)	Barclays de Zoete Wedd
BT Securities Corp(b)‡	150	(b1,s)	99.95R	Mar 1999	0.07R	-	Bear Stearns/Sanwa Intl
IMPSA	75	11.75#	99.577R	Mar 1998	1.00R	+625(5¾%-98)	Salomon Brothers Intl
Indian Railway Finance Corp‡	60	(c)	100.00R	Mar 2003	0.375R	-	ANZ
D-MARKS							
DePfa Bank	500	[illegible]	99.84R	Apr 1999	0.1875R	+34(5¾%-99)	HSBC Trinkaus
GZB‡	300	(d)	100.04	Apr 2002	0.20	-	DG Bank
Republic of Iceland‡	250	(e)	100.00R	Mar 2001	0.175R	-	Citibank
Dresdner Finance(f)	100	5.25	100.57	Jan 2001	2.00	-	Dresdner Bank-KB
STERLING							
TAGS No 1, Class A1(g1)‡	95	(g2)	99.95R	Sep 2037	noneR	-	NatWest Capital Markets
TAGS No 1, Class A2(g3)‡	[illegible]	(g4,s)	99.91R	Sep 2037	0.075R	-	NatWest Capital Markets
GUILDERS							
Akzo Nobel	300	5.75	99.45R	Apr 2001	0.30R	+30(6¼%-01)	ING Barings
FRENCH FRANCS							
KfW International Finance	2bn	6.75	99.18R	Apr 2008	[illegible]	+7(i)	Société Générale
AUSTRALIAN DOLLARS							
New South Wales Treasury Corp	100	8.75	101.29	Apr 2002	2.00	-	Toronto Dominion Bank

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. ‡ Floating-rate note. #Semi-annual coupon. R: fixed re-offer price; fees shown at re-offer level. a) Chrysler Financial Corp - Premier Auto Trust. Monthly coupons. a1) Legal maturity Sept 98. Priced later. a2) Legal maturity Oct 99. Priced later. a3) Class A4: $148.75m, 6/6/99, fixed coupons. a4) Certs: $56.249m, 6/6/99, fixed coupons. b) Fungible with $150m. b1) 3-mth Libor +25bp. c) 6-mth Libor +115bp. d) 6-mth Libor +12½bp. e) 3-mth Libor flat. f) Fungible with DM500m. Plus 82 days accrued. g) Thames Asset Global Securitisation. g1) Av life: 2.9 yrs. g2) 3-mth Libor +12bp. g3) Av life: 5 yrs. g4) 3-mth Libor +18bp. g5) Class A3: £40m, av life 5 yrs, 3-mth Libor +20bp, 99.91R. g6) Class B: £12m, av life 8.9 yrs, 3-mth Libor +48bp, 99.86R. i) Over interpolated yield. s) Short 1st coupon.

Philippines plans return to samurai bond market

By Edward Luce in Manila

The Philippine government is planning to return to the samurai bond market later this year to exploit low Japanese interest rates, and retire more expensive yen debt incurred over the last two decades.

Mr Roberto De Ocampo, secretary of state for finance, said the government was close to selecting a lead Japanese underwriter for a Y20bn government bond, which would be issued in the next few months.

Mr De Ocampo said the proceeds of the issue, which would be offered at a maturity of between five and 10 years, would be used to roll-over higher yielding yen-denominated debt issued in the past. About 30 per cent of the Philippines' foreign debt of US$38bn is yen denominated.

"We have a debt management strategy that has served us well so far," said Mr De Ocampo, who attended an Asian finance ministers' meeting in Japan last weekend.

"We have been exploiting interest rate differentials to reduce our overall foreign debt burden. The samurai bond issue is intended to reduce that burden still further. Japanese interest rates are very low at the moment," he added.

The government's move follows the decision two months ago by a Japanese rating agency to upgrade the Philippine's overseas debt rating to investment grade on long-term bonds.

The Japan Credit Rating Agency upgraded Philippine debt from BBB– to BB in a move which the government hopes will be followed by the US credit rating agencies later this year.

Standard & Poor's and Moody's Investors Service have both rated the Philippines at one notch below investment grade.

Mr De Ocampo also said that Philippine debt service payments had dropped sharply to 13 per cent as a proportion of export receipts in 1995, from 16 per cent in 1994 and 33 per cent in the late 1980s.

The Philippine government, which has won international acclaim for its debt management strategy, moving from "severely indebted" status to middle-debt levels in the five years to 1990, graduated last year from the Paris Club of multilateral creditors.

However, total interest payments, which include peso-denominated domestic liabilities, consume about 40 per cent of annual budget spending.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		10.000	02/06	106.9210	–0.210	8.94	9.02	8.06
Austria		6.125	02/06	96.8400	+0.370	6.57	6.66	6.42
Belgium		7.000	05/06	101.1600	–0.030	6.83	7.30	6.60
Canada *		8.750	12/05	107.2900	+0.500	7.67	7.73	7.01
Denmark		8.000	03/06	102.6200	–0.080	7.61	7.67	7.30
France	BTAN	5.750	03/01	99.2500	–0.170	5.94	5.74	5.52
	OAT	7.250	04/06	103.7100	–0.510	6.73	6.70	6.54
Germany Bund		6.000	02/06	96.5500	–0.020	6.48	6.49	6.11
Ireland		8.000	08/06	100.1500	+0.150	7.98	8.04	7.53
Italy		9.500	02/06	94.5700	+0.130	10.39†	10.45	10.11
Japan	No 129	6.400	03/00	116.8600	–0.210	1.85	1.76	1.85
	No 182	3.000	09/05	98.5090	–0.070	3.21	3.15	2.99
Netherlands		6.000	01/06	96.2900	+0.090	6.52	6.51	6.15
Portugal		11.875	02/05	112.8800	+0.460	9.65	9.76	9.52
Spain		10.150	01/06	101.6900	+0.170	9.84	10.01	9.72
Sweden		6.000	02/05	82.9010	–0.850	8.85	9.04	8.75
UK Gilts		8.000	12/00	102-13	+2/32	7.38	7.40	6.80
		7.500	12/06	96-01	–2/32	8.06	8.10	7.63
		9.000	10/08	108-12	–1/32	8.18	8.22	7.79
US Treasury *		5.625	02/06	95-07	+16/32	6.28	6.34	5.83
		6.000	02/26	92-00	+19/32	6.62	6.66	6.10
ECU (French Govt)		7.500	04/05	101.5600	–0.190	7.25	7.30	6.94

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Latest

		Treasury Bills and Bond Yields			
Prime rate	8¼	One month	5.22	Two year	5.74
Broker loan rate	7	Two month	5.22	Three year	5.84
Fed funds	5¼	Three month	5.11	Five year	6.04
Fed funds at intervention	-	Six month	5.22	10-year	6.22
		One year	5.29	30-year	6.63

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	121.04	120.66	–0.30	121.04	120.52	126,891	140,786
Sep	119.84	119.44	–0.30	119.84	119.44	596	2,663
Dec	118.68	118.28	–0.30	118.68	118.68	2	623

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	CALLS Apr	CALLS May	CALLS Jun	PUTS Apr	PUTS May	PUTS Jun
119	-	-	-	0.05	0.35	0.62
120	0.84	-	1.61	0.17	0.60	0.98
121	0.22	0.74	1.04	0.55	1.00	1.37
122	0.04	0.31	0.65	-	-	-
123	-	0.11	0.32	-	-	2.61

Est. vol. total, Calls 17,041 Puts 12,141. Previous day's open int., Calls 168,727 Puts 181,674

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	95.95	95.90	+0.10	96.07	95.67	178224	233370
Sep	95.00	95.05	+0.10	95.15	94.90	183	4109

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	CALLS Apr	CALLS May	CALLS Jun	CALLS Sep	PUTS Apr	PUTS May	PUTS Jun	PUTS Sep
9550	0.44	0.98	1.25	1.28	0.04	0.58	0.85	1.73
9600	0.12	0.69	0.96	1.05	0.22	0.79	1.06	2.00
9650	0.02	0.48	0.72	0.86	0.62	1.05	1.32	2.30

Est. vol. total, Calls 38596 Puts 19484. Previous day's open int., Calls 317325 Puts 213373

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	109.35	109.10	-0.05	109.43	108.72	42186	51890
Sep	108.50	108.55	-0.05	108.50	108.50	280	7

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	CALLS Jun	CALLS Sep	PUTS Jun	PUTS Sep
10900	1.77	2.41	1.67	2.88
10950	1.51	2.19	1.91	3.14
11000	1.26	1.98	2.16	3.43

Est. vol. total, Calls 3029 Puts 2412. Previous day's open int., Calls 55169 Puts 45536

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	94.50	94.55	+0.16	94.87	94.22	46,521	39,048

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	106-08	106-10	+0-02	106-15	106-08	327	3268
Jun	105-15	105-11	+0-01	105-20	105-04	47875	115553

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	CALLS Apr	CALLS May	CALLS Jun	CALLS Sep	PUTS Apr	PUTS May	PUTS Jun	PUTS Sep
105	0-30	1-16	1-42	1-52	0-08	0-36	1-20	2-36
106	0-04	0-48	1-10	1-26	0-46	1-28	1-52	3-10
107	0	0-26	0-47	1-05	1-42	2-04	2-25	3-52

Est. vol. total, Calls 6294 Puts 12167. Previous day's open int., Calls 47485 Puts 34086

Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	88.84	88.72	–0.08	88.88	88.66	1,229	8,332

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	–	111-27	–	–	–	7,454	127,637
Jun	111-31	112-00	+0-04	112-08	111-19	410,077	263,094
Sep	111-16	111-17	+0-05	111-22	111-05	1,134	14,359

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Jun	118.62			118.62	118.51	993	-
Sep	117.36			117.44	117.36	102	-

* LIFFE futures also traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Thu Mar 21	Day's change %	Wed Mar 20	Accrued interest	xd adj. ytd		Low coupon yield Mar 21	Low Mar 20	Low Yr. ago	Medium coupon yield Mar 21	Medium Mar 20	Medium Yr. ago	High coupon yield Mar 21	High Mar 20	High Yr. ago
1 Up to 5 years (24)	121.33	+0.10	121.77	1.75	2.43	5 yrs	7.47	7.49	8.42	7.51	7.54	8.45	7.60	7.63	8.69
2 5-15 years (19)	145.94	+0.14	145.73	3.03	1.69	15 yrs	8.23	8.25	8.37	8.25	8.26	8.45	8.37	8.38	8.69
3 Over 15 years (9)	158.52	+0.17	158.26	1.84	3.48	20 yrs	8.31	8.33	8.35	8.31	8.33	8.48	8.43	8.43	8.63
4 Irredeemables (6)	182.03	+0.11	182.95	3.37	1.12	Irred.†	8.37	8.38	8.39						
5 All stocks (58)	140.92	+0.13	140.96	2.35	2.31										

Index-linked							Inflation 5% Mar 21	Inflation 5% Mar 20	Inflation 5% Yr. ago	Inflation 10% Mar 21	Inflation 10% Mar 20	Inflation 10% Yr. ago
6 Up to 5 years (1)	196.91	+0.05	196.81	3.57	0.00	Up to 5 yrs	2.99	2.98	3.62	1.80	1.78	2.18
7 Over 5 years (11)	183.87	+0.03	183.81	1.19	0.84	Over 5 yrs	3.60	3.60	3.87	3.59	3.61	3.87
8 All stocks (12)	184.04	+0.03	183.98	1.24	0.82							

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Mar 21	Mar 20	Mar 19	Mar 18	Mar 15	Yr ago	High*	Low*
Govt. Secs. (UK)	92.66	92.45	92.09	92.22	92.30	91.74	96.34	90.22
Fixed Interest	110.89	110.78	110.98	110.86	110.74	110.46	115.23	109.77

* for 1995/96. Government Securities high since compilation: 127.4 (09/01/35), low 49.18 (03/01/75). Fixed Interest high since compilation: 133.87 (21/01/94), low 50.53 (03/01/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974

GILT EDGED ACTIVITY INDICES

	Mar 20	Mar 19	Mar 18	Mar 15	Mar 14
Gilt Edged bargains	88.7	102.8	98.9	91.0	118.8
5-day average	102.0	103.8	128.2	132.6	146.2

UK GILTS PRICES

Notes	Yield Int	Yield Red	Price £	+ or –	52 week High	52 week Low
Shorts" (Lives up to Five Years)						
Treas 15¼pc 1996‡‡	15.08	6.31	101⅛	–⅛	108⅝	101⅛
Exch 13¼pc 1996‡‡	13.10	6.28	101⅛	-	106⅝	101⅛
Treas 2pc 1996	0.92	5.80	216⅛	-	216⅛	208⅞
Conversion 10pc 1996	9.76	6.02	102⅜	-	104⅜	102⅜
Treas 13¼pc 1997‡‡	12.53	6.08	105⅝	–⅛	109⅞	105⅝
Exch 10½pc 1997	10.12	6.13	103⅝	-	105⅜	103⅛
Treas Cnv 7pc 1997‡‡	6.95	6.35	100⅝	+⅛	101⅜	98⅞
Treas 8¾pc 1997‡‡	8.49	6.40	103⅛	-	104½	101⅛
Exch 15pc 1997	13.33	6.54	112⅝	-	117⅛	112⅝
Exch 9¾pc 1998	9.25	6.62	105⅛	+⅛	107⅛	103⅞
Treas 7¼pc 1998‡‡	7.18	6.70	101⅛xd	+⅛	102⅛	97⅛
Treas 6¾pc 1995-98‡‡	6.76	6.80	99⅞	+⅛	100⅛	95⅜
Treas 15½pc '98‡‡	13.90	6.92	118⅜xd	+⅛	124⅛	118⅝
Exch 12pc 1998	10.72	6.99	111⅜	+⅛	114⅝	110⅛
Treas 9½pc 1999‡‡	8.94	7.03	106⅛	+⅛	108⅛	103⅜
Treas Flig Rate 1999	–	–	99⅜	–	100⅛	99⅜
Exch 12¼pc 1999	10.77	7.17	113⅝xd	+⅛	116⅝	112⅛
Treas 10½pc 1999	9.60	7.14	109⅜	+⅛	112⅛	106⅜
Treas 6pc 1999‡‡	6.21	7.14	96⅝	+⅛	98⅜	91⅛
Conversion 10¼pc 1999	9.37	7.27	109⅛	+⅛	112⅛	106⅛
Conv 9pc 2000‡‡	8.52	7.22	105⅝	+⅛	108⅛	101⅛
Treas 13pc 2000	10.81	7.42	120⅛	+⅛	124⅛	118⅛
Treas 14pc 1998-1	12.26	6.98	114⅛	+⅛	117⅛	113⅛
Treas 8pc 2000‡‡	7.81	7.37	102⅛	+⅛	105⅞	98
Treas 10pc 2001	9.09	7.53	110	+⅛	114	106⅛
Five to Fifteen Years						
Treas 7pc 2001‡‡	7.19	7.59	97⅜	+⅛	101⅛	92⅛
Treas 9¾pc 2002	8.97	7.76	109⅛	+⅛	114½	103⅛
Treas 8pc 2003‡‡	7.92	7.81	101⅛	+⅛	105⅛	96⅛
Treas 10pc 2003	8.94	7.87	111⅞	+⅛	117⅛	107⅛
Treas 11½pc 2001-4	9.94	7.66	115⅛	+⅛	119⅛	112⅛
Funding 3½pc 1999-4	[illegible]	6.78	79⅛	–⅛	83⅛	70½
Conversion 9½pc 2004	8.70	8.00	109⅛	+⅛	114⅛	105⅛
Treas 6¾pc 2004‡‡	7.31	7.99	92⅛	+⅛	96⅛	88⅛
Conv 9½pc 2005	8.69	8.03	109⅛	+⅛	114⅛	105⅛
Treas 12½pc 2003-5	9.96	7.99	125½	+⅛	131⅝	121⅝
Treas 8½pc 2005‡‡	8.23	8.02	103⅛	+⅛	108⅛	98½
Treas 7¾pc 2006‡‡	7.81	8.05	95⅛	+⅛	101⅛	94⅛
Treas 7¾pc 2006‡‡	7.94	8.08	97⅛	+⅛	103⅛	93⅛
Treas 8pc 2002-6‡‡	8.06	8.15	99⅛	+⅛	104⅛	95⅛
Treas 11¾pc 2003-7	9.80	7.94	119⅞	+⅛	125⅛	115⅞
Treas 8½pc 2007‡‡	8.29	8.14	102⅝	+⅛	108⅛	98⅛
Treas 13½pc 2004-8	10.20	7.97	132⅛xd	+⅛	138⅛	128⅛
Treas 9pc 2008‡‡	8.48	8.17	106⅛	+⅛	112⅛	103⅛
Treas 8pc 2009	8.13	8.21	98⅛xd	+⅛	104⅛	95⅛
Treas 6¼pc 2010	7.54	8.29	82⅛	+⅛	88⅛	80⅛
Over Fifteen Years						
Conv 9pc Ln 2011‡‡	8.48	8.29	106⅛	+⅛	112⅛	103⅛
Treas 9pc 2012‡‡	8.47	8.29	106⅛	+⅛	113⅛	104½
Treas 5½pc 2008-12‡‡	7.11	8.02	77⅛	+⅛	82⅛	73
Treas 8pc 2013‡‡	8.25	8.30	97⅛xd	+⅛	103⅛	94⅛
Treas 7¾pc 2012-15‡‡	8.15	8.31	95⅛	+⅛	101⅛	92⅛
Treas 8pc 2015	8.23	8.29	97⅛	+⅛	104⅛	95⅛
Treas 8¾pc 2017‡‡	8.40	8.33	104⅛	+⅛	111⅛	102⅛
Exch 12pc 2013-17	9.05	8.42	132⅛	+⅛	141⅛	130⅛
Treas 8pc 2021	8.23	8.27	97⅛	+⅛	99⅛	95⅛
Undated						
Consols 4pc	8.52	–	46⅛	+⅛	50⅛	46⅛
War Loan 3½pc‡‡	8.33	–	42	+⅛	45⅛	40⅛
Conv 3½pc '61 Aft	5.83	–	59⅛xd	+⅛	61⅛	57⅛
Treas 3pc '66 Aft	8.50	–	35⅛	—	38⅛	34⅛
Consols 2½pc	8.16	–	30⅛	+⅛	32⅛	29⅛
Treas. 2½pc	8.49	–	29⅛xd	—	32⅛	28⅛

Index-Linked	Notes (b)	Yield (1)	Yield (2)	Price £	+ or –	52 week High	52 week Low
4⅜pc '98‡‡	(135.6)	1.83	3.00	111⅝	+⅛	113⅛	108
2½pc '01	(78.3)	3.09	3.62	178⅛xd	+⅛	180⅛	169
2½pc '03	(78.8)	3.27	3.68	172⅛	+⅛	178⅛	164
4⅛pc '04‡‡	(135.6)	3.32	3.69	113½	+⅛	116⅛	109⅛
2pc '06	(69.5)	3.42	3.71	180⅛	+⅛	185⅛	170⅛
2½pc '09	(78.8)	3.52	3.76	161⅞	+⅛	167⅛	154⅛
2½pc '11	(74.6)	3.56	3.78	167⅛	+⅛	173⅛	159⅛
2½pc '13	(89.2)	3.61	3.87	137⅛	—	143	131⅛
2½pc '16	(81.6)	3.65	3.83	145⅛	+⅛	152⅛	138⅛
2½pc '20	(83.0)	3.69	3.84	139⅛	+⅛	146⅛	133⅛
2½pc '24‡‡	(97.7)	[illegible]	3.82	115⅛	—	122⅛	110⅛
4⅛pc '30‡‡	(135.1)	3.66	3.63	114⅛	+⅛	120⅛	109⅛

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in February 1987. Conversion factor 3.945. RPI for July 1995: 149.1 and for February 1996: 150.9.

Other Fixed Interest

Notes	Yield Int	Yield Red	Price £	+ or –	52 week High	52 week Low
Asian Dev 10¼pc 2009	9.04	8.51	113⅛	—	120	110⅛
B'ham 11½pc 2012	9.47	8.99	121½	+½	128	119⅛
Ireland Cap 8½pc '10	8.04	–	105⅛	—	106	98½
9pc Cap 1996	8.65	–	104	—	104⅛	101
13pc '97-2	11.72	–	110⅞	—	111⅞	107⅛
Hydro Quebec 15pc 2011	10.49	9.44	144⅛	+⅛	152⅛	141⅛
Leeds 13½pc 2006	10.31	–	131	+1	135½	128
Liverpool 3½pc Irred	9.68	–	36½	—	41	33
LCC 3pc '20 Aft	9.09	–	33	—	35	27⅛
Manchester 11½pc 2007	9.62	8.80	119½	+1	124½	115⅛
Met. Wtr. 3pc 'B'	4.05	7.25	74	+½	78	70
N'wide Anglia 3⅞pc 2021	–	4.58	139½	—	143½	132½
4⅛pc IL 2024	–	4.64	131⅛	–⅛	140⅛	127⅛
Utd Mex States 16½pc 2008	13.25	–	124½	—	128½	113½

● 'Tap' stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds per £100 nominal of stock. Prospective real index-Linked redemption yields are calculated by HSBC Greenwell from Bank of England closing prices.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:10 pm on March 21

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	98⅞	99⅛	+½	6.65
ABN Amro Bank 7¼ 05	1000	102⅝	102⅞	+⅛	7.01
African Dev Bk 7⅜ 23	500	99	99½	+⅛	7.46
Alberta Province 7⅜ 98	1000	103⅝	103⅞	+⅛	6.07
Asian Dev Bank 6¼ 05	750	97⅞	97⅝	+½	6.73
Austria 8½ 00	400	107½	107¾	+¼	6.34
Baden-Wuert L-Fin 8¼ 00	1000	106⅝	106⅞	+½	6.28
Bank Ned Gemeenten 7 99	1000	102¾	103	+½	6.07
Bayer Vereinsbk 8⅛ 00	500	106	106¼	+⅛	6.31
Belgium 5½ 03	1000	93¼	93½	+⅛	6.66
British Columbia 7¾ 02	500	105¾	106⅛	+⅛	6.59
British Gas 0 21	1500	14¼	14⅝	+⅛	7.80
Canada 6⅜ 05	1500	97⅞	98⅛	+⅛	6.79
Canada 6½ 97	2000	100⅞	101		5.75
Cheung Kong Fin 5½ 98	500	95⅛	95⅝	+⅛	7.30
China 6½ 04	1000	94½	94⅞	+⅛	7.67
Credit Foncier 9½ 99	300	108⅝	109	+⅛	6.18
Denmark 5¾ 98	1000	99¾	100	+⅛	5.88
East Japan Railway 6⅝ 04	600	98	98¼	+⅛	6.79
EIB 6 04	500	95½	95¾	+⅛	6.58
EIB 8⅛ 97	1000	105⅛	105⅜		5.86
Elec de France 9 98	200	105⅞	105¾	+⅛	6.04
Ex-Im Bank Japan 8 02	500	107	107¼	+⅛	6.98
Export Dev Corp 9½ 98	150	107	107⅜	+⅛	6.13
Exxon Capital 0 04	1800	56⅝	57⅛	+½	6.74
Fed Home Loan 7⅛ 99	1500	103⅛	103½	+⅛	6.08
Federal Natl Mort 7.40 04	1500	105¼	105½	+½	6.67
Finland 6¾ 97	3000	101½	101¾		5.87
Ford Motor Credit 6¼ 98	1500	100⅛	100½	+⅛	6.20
General Mills 0 13	1000	25⅛	25⅝	+⅛	6.58
Ind Bk Japan Fin 7⅞ 97	200	101¾	102		6.12
Inti Finance 5¼ 98	650	97⅞	98⅛	+⅛	6.11
Inter-Amer Dev 7½ 05	500	104⅞	105⅛	+½	6.78
Intl Finance 5¼ 99	500	98½	98¾	+⅛	5.84
Italy 6 03	2000	95¾	96	+½	6.84
Italy 6⅞ 23	3500	90⅛	90½	+⅛	7.30
Japan Dev Bk 6⅞ 01	500	108⅝	108⅞	+⅛	6.39
Korea Elec Power 6⅜ 03	1350	95⅜	95⅞	+⅛	7.11
Matsushita Elec 7¼ 02	1000	103½	103¾	+½	6.67
Norway 7¼ 97	1000	101⅜	101⅝		5.87
Ontario 7⅜ 03	3000	104⅛	104⅜	+⅛	6.72
Oster Kontrollbank 8½ 01	200	108¾	109	+⅛	6.38
Portugal 5¾ 03	1000	95⅛	95⅜	+½	6.69
Quebec Hydro 9¾ 98	150	107⅝	108	+⅛	6.35
Quebec Prov 9 98	200	105⅛	105⅜	+⅛	6.25
SAS 10 99	200	109¼	109⅝	+⅛	6.43
SNCF 9½ 98	150	107⅛	107½	+⅛	5.10
Spain 6½ 99	1500	101	101¼	+¼	6.16
Sweden 6½ 03	2000	99¾	100	+⅛	6.65
Tennessee Valley 6 00	1000	99⅛	99⅜	+¼	6.32
Tennessee Valley 6⅜ 05	2000	98⅛	98⅝	+½	6.72
Tokyo Elec Power 6⅛ 03	1000	96⅞	97⅛	+½	6.67
Toyota Motor 5⅝ 98	1500	99⅝	99⅞		5.88
United Kingdom 7¼ 02	3000	104	104¼	+⅛	6.49
World Bank 6⅜ 05	1500	98⅛	98¼	+½	6.68
World Bank 8⅛ 99	1500	107⅛	107⅝	+⅛	6.11
DEUTSCHE MARK STRAIGHTS					
Austria 6½ 24	2000	89⅛	89⅝	+⅛	7.38
Baden-Wuert L-Finance 6 99	2000	103½	103⅞	+⅛	4.77
Credit Foncier 7¼ 03	2000	97⅞	98⅛	+⅛	7.58
Denmark 6⅛ 98	2000	103⅜	104	+⅛	4.19
Depfa Finance 6⅞ 03	1500	99⅞	99⅝		6.32
Deutsche Bk Fin 7½ 03	2000	105⅛	105⅜	+⅛	6.50
EEC 6½ 00	2900	104¼	104½	+⅛	5.26
EIB 6¼ 00	1500	103⅜	103⅝	+⅛	5.30
Finland 7½ 00	3000	107⅞	108	+⅛	6.22
Italy 7¼ 98	5000	105⅛	105½	+⅛	4.22
LKB Baden-Wuert 6½ 08	2250	95⅞	96⅛		7.00
Norway 6⅛ 98	1500	103⅞	104⅛	+⅛	4.17
Ontario 6¼ 04	1500	97⅛	97⅜		6.64
Spain 7¼ 03	4000	104⅞	105	+⅛	6.35
Sweden 8 97	2500	106⅛	106¼		4.00
United Kingdom 7⅛ 97	5500	105	105⅛		3.83
Volkswagen Intl Fin 7 03	1000	102	102¼	+⅛	6.60
World Bank 0 15	2000	28⅝	29⅛	–⅛	6.54
World Bank 6⅜ 03	3000	98¼	98⅝	+⅛	6.16
SWISS FRANC STRAIGHTS					
Asian Dev Bank 0 16	500	24⅞	25	+⅛	5.44
Austria 4½ 00	1000	105	105¼	+⅛	3.11
Council Europe 4¾ 98	250	104	104½	+⅛	2.57
Denmark 4¼ 99	1000	104¼	104½	+⅛	2.96
EIB 3¾ 99	1000	103	103⅜	+⅛	2.64
EIB 6¼ 04	300	112¾	113½		4.89
Finland 7¼ 99	300	112½	112⅞	+⅛	3.44
Iceland 7⅞ 00	100	114½	115		3.85
Inter Amer Dev 4¾ 03	600	103½	103¾	+⅛	4.19
Ontario 6¼ 03	400	110	110½	+⅛	4.52
Quebec Hydro 5 08	100	100½	100¾		4.94
SNCF 7 04	450	116½	116¾	+⅛	4.66
Sweden 4¾ 03	500	103¼	103½		4.22
World Bank 0 21	700	25⅞	26¼	+⅛	5.41
World Bank 7 01	600	114¼	114⅜		3.79
YEN STRAIGHTS					
Belgium 5 99	75000	110⅝	110⅞		2.02
Credit Foncier 4¾ 02	75000	102⅝	102¾	+⅛	4.31
EIB 6⅝ 00	100000	117	117¼		2.13
Ex-Im Bank Japan 4⅜ 03	105000	108½	108⅝		3.11
Inter Amer Dev 7¼ 00	30000	120⅛	120⅜		2.13
Italy 3½ 01	300000	103½	103⅝		2.80
Italy 5 04	200000	111	111¼	+⅛	3.51
Japan Dev Bk 5 99	100000	110⅝	110¾		1.85
Japan Dev Bk 6½ 01	120000	120	120⅛		2.55
SNCF 6¾ 00	30000	117⅜	117⅝		2.11
Spain 5¾ 02	125000	116¼	116½	+⅛	2.78
Sweden 4⅝ 98	150000	105¼	105⅜	+⅛	1.22
World Bank 5¼ 02	250000	114¼	114½		2.65
OTHER STRAIGHTS					
Finland 8 04 LFr	5000				
Gentlance Lux 9¼ 99 LFr	1000				
IKB Deut Industbk 8½ 03 LFr	3000				
ABN Amro 6⅞ 00 Fl	1000				
Bank Ned Gemeenten 7 03 Fl	1500				
Bell Canada 10⅝ 99 C$	150	109⅝	110⅛		7.23
British Columbia 7¾ 03 C$	1250	100½	100¾	+⅛	7.60
Canada Mtg & Hsg 8¾ 99 C$	1000	104⅛	104⅜		6.88
EIB 10⅛ 98 C$	130	106⅞	107⅛	+⅛	6.30
Elec de France 9¾ 99 C$	275	108	108½		7.04
KfW Int Fin 10 01 C$	400	110⅛	110½	+⅛	7.48
Nippon Tel Tel 10¼ 99 C$	[illegible]	109½	110	+⅛	7.12
Ontario 8 03 C$	1500	101¾	102	+⅛	7.61
Ontario Hydro 10⅞ 99 C$	500	110½	110¾		6.95
Oster Kontrollbank 10¼ 99 C$	150	109⅛	109⅜		6.99
Quebec Hydro 7 04 C$	1000	93½	93¾	+½	8.26
Quebec Prov 10½ 98 C$	200	108½	108⅞	+⅛	6.90
Council Europe 9 01 Ecu	1100	108½	108¾	+⅛	6.90
Credit Foncier 8⅛ 04 Ecu	1000	98⅛	98⅝	+⅛	8.69
Denmark 8½ 02 Ecu	1000	108	108¼	+⅛	6.85
EC 6 00 Ecu	1100	95⅛	95⅝	–⅛	8.15
EIB 10 01 Ecu	1150	113⅝	113¾	+⅛	6.61
Ferro del Stat 10⅛ 98 Ecu	[illegible]	107⅝	108⅛		5.50
Italy 10¾ 00 Ecu	1000	114¼	114½		6.87
United Kingdom 9⅛ 01 Ecu	2750	110⅜	110⅝	+⅛	6.58
AIDC 10 99 A$	100	103⅛	103⅜		8.82
Comm Bk Australia 13¾ 99 A$	100	114	114½		8.87
EIB 7¾ 99 A$	[illegible]	99	99½	–⅛	8.28
NSW Treasury Zero 0 20 A$	1000	10⅞	11⅛	–⅛	9.41
R & I Bank 7¾ 03 A$	[illegible]	93	93⅛	–⅛	9.10
State Bk NSW 9 02 A$	300	99¾	100¼		9.03
Sth Aust Govt Fin 9 02 A$	150	99½	100		9.08
Unilever Australia 12 98 A$	150	105⅞	106¼		8.73
Western Aust Treas 7¾ 98 A$	100	98⅛	98⅝	+⅛	8.46
Abbey Natl Treasury 8 03 £	1000	99¼	99½	+⅛	8.34
Alliance Leics 11⅛ 97 £	100	105	105¼		8.60
British Land 8⅞ 23 £	150	87⅛	87⅝	–¼	10.66
Denmark 6⅞ 98 £	800	99¼	99⅝	+⅛	7.07
EIB 8 03 £	1000	99¼	99½	+⅛	8.13
GLAXO WELLCOME 8¾ 05 £	500	100⅝	100⅞	+⅛	8.66
Hanson 10⅜ 97 £	500	104⅝	104⅞		7.12
HSBC Holdings 11.69 02 £	153	114½	114⅞	+⅛	8.61
Italy 10½ 14 £	400	109¼	109⅝	+⅛	9.41
Japan Dev Bk 7 00 £	200	99⅛	99⅜	+⅛	7.18
Land Secs 9½ 07 £	200	102⅝	102⅞		9.14
Ontario 11⅛ 01 £	100	111⅞	112¼		8.08
Powergen 8⅞ 03 £	250	101⅞	102⅛	+⅛	8.51
Severn Trent 11½ 99 £	150	110⅝	110⅞		7.71
Tokyo Elec Power 11 01 £	150	112¼	112½		8.04
TCNZ Fin 9¼ 02 NZ$	75	103⅞	104⅛	–⅛	8.57
World Bank 12½ 97 NZ$	250	104⅞	105⅛		8.75
Credit Local 0 01 FFr	7000	99	99¼	–⅛	6.21
Elec de France 8¾ 22 FFr	3000	113¾	113⅝	–⅛	7.57
SNCF 9¼ 97 FFr	4000	104½	104¾		4.76

FLOATING RATE NOTES

	Issued	Bid	Offer	C.cpn
Abbey Natl Treasury -1/16 99	1000	99.80	99.87	5.2305
BankAmerica ⅛ 99	750	99.81	99.91	5.5391
Canada -⅛ 99	2000	99.43	99.50	5.0547
CCCE 0 06 Ecu	200	99.48	99.63	4.8250
Commerzbk O/S Fin -⅛ 98	750	99.64	99.72	5.1250
Credit Lyonnais 1/16 00	300	97.84	98.23	5.5000
Credit Lyonnais 0.30 98	1250	100.01	100.10	5.7414
Denmark -⅛ 97	1000	99.96	100.02	5.1680
Dresdner Finance 1/16 98 DM	1000	100.00	100.09	3.4688
FED NAT MORT -3/16 00	1000	99.61	99.68	5.0977
Ferro del Stat 0.10 97	420	100.09	100.24	5.7500
Finland 0 97	1000	100.10	100.19	5.4492
Finland -⅛ 99	1500	99.70	99.77	5.1875
IMI Bank Intl ¼ 99	500	100.14	100.24	5.5000
Italy 1/16 99	1500	99.95	100.03	5.5625
Italy ¼ 98	2000	100.06	100.13	5.9375
LKB Baden-Wuert Fin -⅛ 98	1000	99.90	99.98	5.6875
Lloyds Bank Perp S 0.10	600	83.29	84.17	5.3500
Malaysia 1/16 05	650	99.79	99.89	6.0000
New Zealand -⅛ 99	1000	99.89	99.99	5.4805
Nova Scotia 1/16 99	500	99.93	100.02	5.4883
Ontario 0 99	2000	99.83	99.90	5.2500
Renfe 0 98	500	99.77	99.89	5.6250
State Bk Victoria 0.05 99	125	99.98	100.11	5.6872
Sweden 0 98	1500	99.97	100.03	5.2695
Sweden -⅛ 01	2000	99.52	99.58	5.1768

CONVERTIBLE BONDS

	Issued	Conv. Price	Bid	Offer	Prem.
EE Finance 8¾ 08 £	438	6.4	100½	101¼	+48.20
Gold Kalgoorlie 7½ 00	65	1.37	118¼	119½	+17.48
Grand Metropolitan 6½ 00	710	4.37	111	112	+15.54
Hanson 9½ 06 £	500	2.48	99⅞	100⅞	+31.05
Hanson America 2.39 01	420	29.6375	79⅞	80¼	+64.68
Hong Kong Land 4 01	410	31.05	84⅞	85⅝	–14.91
Land Secs 6¾ 02 £	84	6.72	97⅛	99	+5.44
Lasmo 7¾ 05 £	90	5.64	90⅛	91¼	
Mitsui Bank 2⅝ 03	200	2332.6	81¾	83⅝	+32.18
Mount Isa Fin 6½ 97	100	2.283	98½	99½	+55.91
Natl Power 6¼ 08 £	250	4.39	110⅞	111⅞	+0.85
Ogden 6 02	85	39.077	95	96	+63.32
Pennzoil 4¾ 03	500	58.8097	100⅛	100⅞	+8.67
Sappi BVI Finance 7½ 02	250	76	93⅛	94⅞	+48.53
Sumitomo Bank 3⅛ 04	300	3606.9	87½	89½	+23.61
Sun Alliance 7¼ 08 £	155	3.9	104⅞	105⅞	[illegible]
Transatlantic Hldgs 5½ 09 £	250	5.05	79	80	+20.68

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

MARKETS REPORT

Markets search for fresh trading direction

By Philip Gawith

Foreign exchange markets had another quiet day yesterday with the recent pattern of low volumes and narrow trading ranges showing no sign of being broken.

While there are some rumblings that the current period of calm must culminate in a dramatic break-out from existing trading ranges, there is as yet little indication what might provide the necessary catalyst.

The dollar finished in London at DM1.4763, from DM1.4775. Against the yen it finished at Y106.535, from Y106.57.

The most interesting moves came in the interest rate markets, with the Canadian, Swedish and Danish central banks all cutting rates. In Canada the overnight target range was cut by 25 basis points to 4.75/5.25 per cent. In Sweden the cut in the repo rate earlier this week was followed up by 75 basis point cuts in the deposit and lending rates, to 6.75 per cent and 8.25 per cent respectively. The Danish central bank cut the two-week CD/repo rate to 4 per cent from 4.1 per cent.

In Europe the D-Mark was slightly firmer, finishing at SKr4.513 against the Swedish krona, from SKr4.485. It was also stronger against the French franc, at FFr3.429, from FFr3.424.

Sterling had a steady day, closing at DM2.2695, from DM2.27, and at $1.5373, from $1.5364.

The Taiwan dollar closed slightly weaker after a volatile day's trade. It finished at T$27.2645, from T$27.185.

■ Some of the early attention was focused on sterling amid rumours, in Tokyo, that dollar or sterling purchases were being made by Japanese banks who need to increase their reserves against losses suffered by the company Eurotunnel.

Elsehwere, there was little surprise at the comments from Mr Otmar Issing, the Bundesbank's chief economist, that the sharp acceleration in German M3 growth would not prevent a further fall in interest rates. The Bundesbank has many times in the past shown a willingness to disregard what it deems aberrational figures.

Mr Steve Barrow, economist at Chemical Bank in London, said: "I don't think anyone believes M3 stands in the way of rate reductions." Mr Issing was quoted in the Wall St Journal saying: "We don't intend to raise interest rates in the foreseeable future. If we do change interest rates, then in the downward direction. The M3 data for January and February don't change that assessment."

Mr Paul Chertkow, head of global currency research at UBS in London, said the market was in the first stage of realising that "the German economy is extremely weak." Aside from cutting rates to stimulate economic activity, he said the Bundesbank might have to consider allowing a depreciation of the D-Mark. He said there was no better time to do this than when there was little inflation and the economy was close to recession.

"The market is just coming to the conclusion that the German economy needs the same sort of treatment as the Japanese economy had last year," said Mr Chertkow.

■ Aside from the outlook for Germany, the UBS analyst said there were two other factors which made him bullish about the dollar. One is the position of institutional investors. Contrary to received wisdom, Mr Chertkow maintains they are "below benchmark".

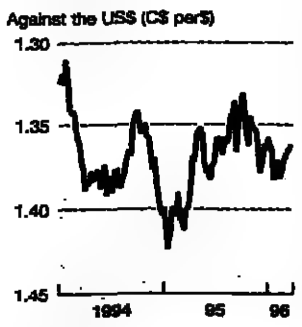
The other concerns the increasing attractiveness of the US bond market, especially at the shorter end. "We have seen some client interest in wanting to buy Treasuries. The bond market is more conducive to the dollar than it was."

Mr Chertkow believes that if Japanese investors do come back into the market, the dollar could rise more than expected. He said that Japanese life companies might be tempted to improve on their poor earnings record by investing more in the US. Apart from offering a substantial yield "pick-up", he said it was the only market where the central bank was underwriting the currency.

Aside from the determination of the Bank of Japan and Ministry of Finance to defend the dollar around Y105, there also appear to be technical reasons for believing the dollar may move higher. Ms Patricia Elbaz, technical analyst at MMS in London, said that on the basis of the higher weekly closes since the dollar set a low of Y103.30 at the end of February, a New York close above Y105.85 today would indicate the potential for further gains towards Y110.

Canadian dollar

Against the US$ (C$ per$)



Source: FT Extel

■ **Pound in New York**

Mar 20	Latest	Prev. close
£ spot	1.5385	1.5390
1 mth	1.5257	1.5383
3 mth	[illegible]	1.5366
1 yr	1.5273	1.5300

■ **OTHER CURRENCIES**

Mar 21	£	$
Czech Rp	41.7994 - 41.8420	27.1990 - 27.2080
Hungary	219.701 - 219.521	142.880 - 143.010
Iran	4613.40 - 4610.40	3000.00 - 3000.00
Kuwait	0.4592 - 0.4600	0.2988 - 0.2991
Poland	3.9602 - 3.9658	2.5762 - 2.5769
Russia	7455.02 - 7464.48	4851.00 - 4854.00
U.A.E.	5.6445 - 5.6486	3.6729 - 3.6732

POUND SPOT FORWARD AGAINST THE POUND

Mar 21		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	15.9611	-0.0031	526 - 696	15.9859	15.9208	[illegible]	2.3	15.8486	[illegible]	-	-	105.9
Belgium	(BFr)	46.6194	-0.0334	927 - 461	46.7700	46.5590	46.5144	2.7	46.3044	[illegible]	45.3844	2.6	108.1
Denmark	(DKr)	8.7627	[illegible]	575 - 678	8.7775	8.7482	8.7511	1.6	8.7263	1.7	8.6197	1.6	108.7
Finland	(FM)	7.0689	+0.0152	613 - 765	7.0920	7.0450	7.0645	0.7	7.0564	0.7	-	-	83.4
France	(FFr)	7.7807	+0.0074	770 - 843	7.7916	7.7642	7.7686	1.9	7.7454	1.8	7.6495	1.7	109.2
Germany	(DM)	2.2695	-0.0005	683 - 706	2.2745	2.2652	2.2647	2.6	2.2543	2.7	2.2099	2.6	110.1
Greece	(Dr)	370.474	-0.06	200 - 748	371.215	369.584	-	-	-	-	-	-	66.4
Ireland	(I£)	0.9731	+0.0005	723 - 739	0.9740	0.9715	0.9724	0.9	0.9708	0.9	0.9665	0.7	97.8
Italy	(L)	2393.50	+0.13	234 - 466	2396.49	2388.57	2401.75	-4.1	2416.65	-3.9	2469.55	-3.2	74.1
Luxembourg	(LFr)	46.6194	-0.0334	927 - 461	46.7700	46.5590	46.5144	2.7	46.3044	2.7	45.3844	2.6	108.1
Netherlands	(Fl)	2.5389	-0.0021	377 - 401	2.5502	2.5361	2.533	2.8	2.5207	2.9	2.469	2.8	108.2
Norway	(NKr)	9.8642	-0.0004	552 - 731	9.8829	9.8207	9.8552	1.1	9.8361	1.1	9.7404	1.3	98.6
Portugal	(Es)	234.615	-0.109	[illegible]	235.021	234.193	234.94	-2.2	235.845	-2.1	-	-	95.4
Spain	(Pta)	190.748	-0.119	609 - 887	191.025	190.628	191.183	-2.7	192.008	-2.6	194.848	-2.1	81.9
Sweden	(SKr)	10.2354	+0.0543	266 - 441	10.2546	10.1610	10.2388	-0.1	10.2383	-0.1	10.2405	0.0	88.6
Switzerland	(SFr)	1.8360	+0.0016	349 - 371	1.8405	1.8333	1.8298	4.1	1.8165	4.2	1.7615	4.1	114.2
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	84.0
Ecu	-	1.2239	-0.0013	230 - 248	1.2273	1.2230	1.2226	1.3	1.2196	1.4	1.2063	1.4	-
SDR†	-	1.050300	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5372	+0.001	366 - 378	1.5403	1.5350	-	-	-	-	-	-	-
Brazil	(R$)	1.5167	-0.0027	161 - 173	1.5216	1.5156	-	-	-	-	-	-	-
Canada	(C$)	2.0934	+0.0041	924 - 943	2.0949	2.0866	2.0927	0.4	2.089	0.8	2.081	0.6	84.4
Mexico	(New Peso)	11.6067	+0.0489	875 - 258	11.6260	11.5870	-	-	-	-	-	-	-
USA	($)	1.5373	+0.0009	368 - 378	1.5405	1.5361	1.5366	0.5	1.535	0.6	1.5282	0.6	85.7
Pacific/Middle East/Africa													
Australia	(A$)	1.9761	-0.0052	748 - 774	1.9877	1.9739	1.9787	-1.5	1.9837	-1.5	2.009	-1.7	90.9
Hong Kong	(HK$)	11.8857	+0.0073	810 - 903	11.9095	11.8768	11.8776	0.8	11.866	0.7	11.8462	0.3	-
India	(Rs)	53.4213	-0.7389	196 - 230	53.6235	53.0195	-	-	-	-	-	-	-
Israel	(Shk)	4.7586	+0.0044	535 - 638	4.7659	4.7409	-	-	-	-	-	-	-
Japan	(Y)	163.776	+0.042	595 - 966	164.330	163.410	163.016	5.6	161.461	5.7	155.086	5.3	136.2
Malaysia	(M$)	3.9125	+0.0023	104 - 145	3.9216	3.9104	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.2366	-0.0029	347 - 384	2.2414	2.2347	2.2416	-2.7	2.2511	-2.6	2.2849	-2.2	107.4
Philippines	(Peso)	40.2696	+0.0389	181 - 211	40.3215	40.2180	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.7656	+0.0035	653 - 677	5.7773	5.7613	-	-	-	-	-	-	-
Singapore	(S$)	2.1684	-0.001	669 - 698	2.1627	2.1666	-	-	-	-	-	-	-
South Africa	(R)	6.0162	-0.0209	104 - 220	6.0403	6.0100	-	-	-	-	-	-	-
South Korea	(Won)	1205.70	+3.93	516 - 625	1208.08	1202.40	-	-	-	-	-	-	-
Taiwan	(T$)	41.9137	+0.1466	947 - 327	41.9958	41.7734	-	-	-	-	-	-	-
Thailand	(Bt)	38.8322	+0.0304	042 - 602	38.9060	38.7920	-	-	-	-	-	-	-

† Rates for Mar 20. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Mar 21		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan Index
Europe													
Austria	(Sch)	10.3826	-0.0061	804 - 847	10.4020	10.3660	10.3653	2.0	10.3291	2.1	10.1678	2.1	105.8
Belgium	(BFr)	30.3255	-0.0395	180 - 330	30.3950	30.3050	30.2725	2.1	30.166	2.1	29.6855	2.1	107.7
Denmark	(DKr)	5.7000	-0.0065	985 - 015	5.7130	5.6910	5.695	1.1	5.685	1.1	5.7075	-0.1	108.0
Finland	(FM)	4.5983	+0.0072	948 - 017	4.6135	4.5830	4.5918	1.7	4.5798	1.6	4.5343	1.4	82.9
France	(FFr)	5.0613	+0.0019	605 - 620	5.0688	5.0503	5.0557	1.3	5.046	1.2	5.0038	1.1	109.0
Germany	(DM)	1.4763	-0.0012	760 - 765	1.4793	1.4735	1.4738	2.0	1.4687	2.1	1.4456	2.1	109.4
Greece	(Dr)	240.990	-0.18	890 - 090	241.600	240.130	242.655	-8.3	246.015	-8.3	259.99	-7.9	65.9
Ireland	(I£)	1.5798	-	790 - 806	1.5850	1.5785	1.5803	-0.3	1.5806	-0.2	1.57	0.6	-
Italy	(L)	1556.95	-0.83	670 - 720	1559.40	1553.48	1563	-4.7	1574.55	-4.5	1615.45	-3.8	73.5
Luxembourg	(LFr)	30.3255	-0.0395	180 - 330	30.3950	30.3050	30.2725	2.1	30.166	2.1	29.6855	2.1	107.7
Netherlands	(Fl)	1.6516	-0.0023	513 - 518	1.6581	1.6498	1.6485	2.2	1.6422	2.3	1.6151	2.2	107.6
Norway	(NKr)	6.4166	-0.004	128 - 203	6.4304	6.3995	6.4136	0.6	6.4081	0.5	6.3718	0.7	97.8
Portugal	(Es)	152.550	-0.16	500 - 600	152.940	152.420	152.865	-2.5	153.455	-2.4	155.6	-2.0	95.4
Spain	(Pta)	124.080	-0.15	030 - 130	124.280	123.980	124.42	-3.3	125.09	-3.3	127.46	-2.7	81.6
Sweden	(SKr)	6.6580	+0.0314	545 - 615	6.6718	6.6110	6.6691	-2.0	6.6865	-1.7	6.7285	-1.1	89.4
Switzerland	(SFr)	1.1943	+0.0003	940 - 946	1.1975	1.1927	1.1907	3.6	1.1835	3.6	1.1522	3.5	113.8
UK	(£)	1.5373	+0.0009	368 - 378	1.5405	1.5361	1.5366	0.5	1.535	0.6	1.5282	0.6	83.4
Ecu	-	1.2561	+0.0021	555 - 566	1.2587	1.2530	1.2569	-0.7	1.2585	-0.8	1.2673	-0.9	-
SDR†	-	0.68330	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.0000	+0.0001	999 - 000	1.0000	0.9997	-	-	-	-	-	-	-
Brazil	(R$)	0.9866	-0.0023	865 - 867	0.9893	0.9865	-	-	-	-	-	-	-
Canada	(C$)	1.3617	+0.0018	615 - 619	1.3620	1.3575	1.3615	0.1	1.3618	0.0	1.3646	-0.2	83.6
Mexico	(New Peso)	7.5500	+0.028	400 - 600	7.5600	7.5400	7.5522	-0.4	7.5554	-0.3	7.5603	-0.1	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	96.4
Pacific/Middle East/Africa													
Australia	(A$)	1.2863	-0.0042	850 - 858	1.2880	1.2850	1.2873	-1.9	1.2908	-1.7	1.3065	-1.9	91.9
Hong Kong	(HK$)	7.7315	+0.0002	310 - 320	7.7320	7.7310	7.7322	-0.1	7.734	-0.1	7.761	-0.4	-
India	(Rs)	34.7500	-0.5	000 - 000	35.0500	34.4900	34.9	-5.2	35.205	-5.2	36.675	-5.5	-
Israel	(Shk)	3.0954	+0.001	930 - 976	3.1021	3.0847	-	-	-	-	-	-	-
Japan	(Y)	106.535	-0.035	510 - 560	106.770	106.330	106.09	5.0	105.19	5.0	101.45	4.8	135.6
Malaysia	(M$)	2.5450	-	445 - 455	2.5467	2.5443	2.5459	-0.4	2.552	-1.1	2.5755	-1.2	-
New Zealand	(NZ$)	1.4546	-0.0027	541 - 556	1.4558	1.4540	1.4579	-2.8	1.4637	-2.4	1.4883	-2.3	-
Philippines	(Peso)	26.1950	+0.01	700 - 200	26.2200	26.1590	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7504	+0.0001	502 - 506	3.7506	3.7500	3.7508	-0.1	3.7515	-0.1	3.7549	-0.1	-
Singapore	(S$)	1.4105	-0.0015	100 - 110	1.4188	1.4070	1.407	3.0	1.401	2.7	1.3765	2.5	-
South Africa	(R)	3.9135	-0.0155	110 - 160	3.9240	3.9110	3.9423	-8.8	3.9937	-8.2	4.217	-7.8	-
South Korea	(Won)	784.300	+2.1	200 - 400	784.400	782.500	787.3	-4.6	790.8	-3.3	809.3	-3.2	-
Taiwan	(T$)	27.2645	+0.0795	610 - 680	27.2690	27.1740	27.2845	-0.9	27.3245	-0.9	-	-	-
Thailand	(Bt)	25.2600	+0.005	500 - 700	25.2550	25.2500	25.3588	-4.7	25.5625	-4.6	26.445	-4.7	-

† SDR rate per $ for Mar 20. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Mar 20: Base average 1990=100

WORLD INTEREST RATES

MONEY RATES

March 21	Over night	One month	Three mths	Six mths	One year	Lomb. Inter.	Dis. rate	Repo rate
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.00	3.00	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.00	3.00	-
France	[illegible]	4	[illegible]	[illegible]	[illegible]	3.80	-	5.60
week ago	[illegible]	4	[illegible]	[illegible]	[illegible]	3.80	-	5.60
Germany	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.00	3.00	3.30
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.00	3.00	3.30
Ireland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	6.25
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	6.25
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	9.00	9.98
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	9.00	9.87
Netherlands	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	3.00	3.30
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	3.00	3.30
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.00	1.50	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.00	1.50	-
US	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	5.00	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	5.00	-
Japan	[illegible]	½	½	½	[illegible]	-	0.50	-
week ago	[illegible]	½	[illegible]	½	[illegible]	-	0.50	-
■ $ LIBOR FT London								
Interbank Fixing	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
week ago	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
US Dollar CDs	-	4.96	5.11	5.20	5.41	-	-	-
week ago	-	4.96	5.16	5.24	5.47	-	-	-
ECU Linked Ds	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
week ago	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
SDR Linked Ds	-	[illegible]	[illegible]	[illegible]	3½	-	-	-
week ago	-	[illegible]	[illegible]	[illegible]	3½	-	-	-

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Mar 21	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Danish Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dutch Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portuguese Esc.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spanish Peseta	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ **THREE MONTH PIBOR FUTURES** (MATIF) Paris Interbank offered rate (FFr5m)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	95.62	95.52	-0.08	95.64	95.52	22,055	49,885
Sep	95.47	95.43	-0.07	95.53	95.44	11,401	46,997
Dec	95.33	95.29	-0.06	95.37	95.40	5,438	[illegible]

■ **THREE MONTH EUROMARK FUTURES** (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	96.74	96.72	-	96.74	96.71	23482	239570
Sep	96.59	96.62	+0.05	96.63	96.57	28398	232771
Dec	96.29	96.38	+0.09	96.38	96.28	32771	174973
Mar	95.93	96.02	+0.10	96.04	95.93	18568	115980

■ **THREE MONTH EUROLIRA FUTURES** (LIFFE)* L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	90.77	90.75	-0.01	90.81	90.72	7516	40754
Sep	91.08	91.09	+0.02	91.14	91.06	3010	19933
Dec	91.10	91.11	+0.02	91.13	91.08	1418	16194
Mar	91.00	91.00	+0.02	91.01	90.98	824	7096

■ **THREE MONTH EURO SWISS FRANC FUTURES** (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	98.19	98.20	+0.02	98.21	98.18	3657	29487
Sep	98.04	98.06	+0.03	98.09	98.04	3316	13277
Dec	97.76	97.81	+0.07	97.82	97.75	2639	9790
Mar	97.48	97.49	+0.06	97.50	97.47	725	1114

■ **THREE MONTH ECU FUTURES** (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	95.42	95.42	+0.01	95.45	95.39	1582	8636
Sep	95.32	95.34	+0.02	95.35	95.32	400	5553
Dec	95.15	95.13	+0.04	95.15	95.11	169	3182
Mar	94.82	94.85	+0.04	94.83	94.81	198	1886

* LIFFE futures also traded on APT

■ **EUROLIRA OPTIONS** (LIFFE) L1000m points of 100%

Strike Price	CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
9075	0.32	0.69	0.84	0.32	0.35	0.48
9100	0.20	0.53	0.69	0.45	0.44	0.58
9125	0.13	0.39	0.55	0.63	0.55	0.69

Est. vol. total, Calls 285 Puts 100. Previous day's open int., Calls 15105 Puts 8737

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Mar 21		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.80	16.69	4.867	2.087	5133	5.446	21.16	503.0	409.1	21.96	3.938	2.145	4.409	3.297	351.1	2.625
Denmark	(DKr)	53.20	10	8.879	2.589	1.110	2731	2.897	11.26	267.6	217.6	11.68	2.095	1.141	2.388	1.754	186.8	1.397
France	(FFr)	59.92	11.26	10	2.916	1.250	3075	3.263	12.68	301.4	245.1	13.16	2.360	1.285	2.690	1.975	210.4	1.573
Germany	(DM)	20.55	3.862	3.429	1	0.429	1055	1.119	4.347	103.3	84.05	4.513	0.809	0.441	0.922	0.677	72.15	0.539
Ireland	(I£)	47.91	9.006	7.997	2.332	1	2459	2.609	10.14	241.0	196.0	10.52	1.887	1.028	2.151	1.580	168.2	1.258
Italy	(L)	1.949	0.366	0.325	0.095	0.041	100.	0.106	0.412	9.799	7.969	0.428	0.077	0.042	0.087	0.064	6.841	0.051
Netherlands	(Fl)	18.36	3.451	3.065	0.894	0.383	942.5	1	3.885	92.36	75.11	4.033	0.723	0.394	0.824	0.605	64.47	0.482
Norway	(NKr)	47.26	8.884	7.888	2.300	0.986	2426	2.574	10	237.7	193.3	10.38	1.861	1.014	2.122	1.558	166.0	1.241
Portugal	(Es)	19.88	3.737	3.318	0.968	0.415	1020	1.083	4.208	100.	81.32	4.367	0.783	0.426	0.893	0.656	69.81	0.522
Spain	(Pta)	24.45	4.595	4.080	1.190	0.510	1255	1.331	5.173	123.0	100.	5.370	0.963	0.524	1.098	0.806	85.84	0.642
Sweden	(SKr)	45.53	8.558	7.599	2.216	0.950	2337	2.479	9.633	229.0	186.2	10	1.793	0.977	2.044	1.501	159.9	1.195
Switzerland	(SFr)	25.39	4.773	4.238	1.236	0.530	1303	1.383	5.373	127.7	103.9	5.577	1	0.545	1.140	0.837	89.18	0.667
UK	(£)	46.62	8.763	7.781	2.269	0.973	2393	2.539	9.864	234.5	190.7	10.24	1.836	1	2.093	1.537	163.7	1.224
Canada	(C$)	22.27	4.187	3.718	1.084	0.465	1143	1.213	4.713	112.0	91.11	4.892	0.877	0.478	1	0.734	78.21	0.585
US	($)	30.33	5.701	5.062	1.476	0.633	1557	1.652	6.416	152.6	124.1	6.662	1.195	0.651	1.362	1	106.5	0.796
Japan	(Y)	28.48	5.353	4.753	1.386	0.594	1462	1.551	6.026	143.2	116.5	6.255	1.122	0.611	1.279	0.939	100.	0.748
Ecu		38.09	7.159	6.357	1.854	0.795	1955	2.074	8.059	191.6	155.8	8.366	1.500	0.817	1.710	1.256	133.7	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ **D-MARK FUTURES** (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.6817	0.6804	-0.0015	0.6817	0.6791	20,438	54,011
Sep	0.6836	0.6836	-0.0020	0.6838	-	58	2,093
Dec	-	0.6893	-	-	-	4	199

■ **JAPANESE YEN FUTURES** (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.9512	0.9480	-0.0034	0.9518	0.9470	18,338	60,364
Sep	0.9595	0.9569	-0.0030	0.9599	0.9595	16	1,123
Dec	-	0.9744	-	-	-	100	920

■ **SWISS FRANC FUTURES** (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.8464	0.8443	-0.0020	0.8464	0.8417	11,254	26,998
Sep	-	0.8460	-0.0059	-	0.8495	47	461
Dec	-	0.8627	-	-	0.8575	5	502

■ **STERLING FUTURES** (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	1.5366	1.5354	-0.0020	1.5378	1.5336	10,272	34,525
Sep	-	1.5310	-0.0024	-	1.5330	3	37
Dec	-	1.5310	-0.0024	-	1.5310	3	32

UK INTEREST RATES

LONDON MONEY RATES

Mar 21	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	-	-	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills	-	-	[illegible]	[illegible]	-	-
Bank Bills	-	-	[illegible]	[illegible]	[illegible]	-
Local authority deps.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Discount Market deps	[illegible]	[illegible]	-	-	-	-

UK clearing bank base lending rate 6 per cent from March 8, 1996

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	2½	5½	5	5	4½

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1½pc.
Ave. tender rate of discount on Mar 15, 5.7866pc. ECGD fixed rate Stlg. Export Finance. Make up day Feb 29, 1996. Agreed rate for period Mar 26, 1996 to Apr 25, 1996, Schemes II & III 7.48pc. Reference rate for period Feb 1, 1996 to Feb 29, 1996, Schemes IV & V 6.238pc. Finance House Base Rate 6.5pc from March 1, 1996

■ **THREE MONTH STERLING FUTURES** (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	93.96	93.96	+0.01	93.98	93.95	13647	80392
Sep	93.76	93.78	+0.03	93.81	93.75	12275	58243
Dec	93.45	93.46	+0.03	93.48	93.44	10958	48888
Mar	93.07	93.08	+0.03	93.08	93.04	3316	33398
Jun	92.69	92.70	+0.03	92.72	92.68	2221	30988

Also traded on APT. All Open interest figs. are for previous day.

■ **SHORT STERLING OPTIONS** (LIFFE) £500,000 points of 100%

Strike Price	CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
9375	0.27	0.30	0.31	0.06	0.27	0.60
9400	0.11	0.17	0.21	0.15	0.39	0.75
9425	0.03	0.10	0.14	0.32	0.57	0.93

Est. vol. total, Calls 5759 Puts 2993. Previous day's open int., Calls 109994 Puts 103095

EMS EUROPEAN CURRENCY UNIT RATES

Mar 21	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Spain	162.493	159.285	-0.06	-1.97	4.55	14
Netherlands	2.15214	2.12141	+0.00008	-1.43	3.97	11
Belgium	39.3960	38.9428	+0.003	-1.15	3.67	8
Austria	13.4383	13.3287	+0.0009	-0.82	3.32	6
Germany	1.91007	1.89518	-0.00009	-0.78	3.29	6
Portugal	195.792	195.993	+0.105	0.10	2.36	-1
Denmark	7.28580	7.31848	-0.00032	0.45	2.02	-3
France	6.40506	6.49506	+0.01174	1.39	1.08	-12
Ireland	0.792214	0.811671	+0.0006377	2.46	0.00	-17
NON ERM MEMBERS						
Greece	292.867	309.580	+0.157	5.71	-3.05	-
Italy	2106.15	1996.11	-4.09	-5.22	8.13	-
UK	0.786652	0.834370	-0.001624	6.07	-3.38	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu: a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ **PHILADELPHIA SE £/$ OPTIONS** £31,250 (cents per pound)

Strike Price	CALLS Apr	CALLS May	CALLS Jun	PUTS Apr	PUTS May	PUTS Jun
1.500	3.74	3.96	4.40	0.06	0.26	0.60
1.510	2.81	3.15	3.69	0.14	0.46	1.09
1.520	2.02	2.51	3.04	0.22	0.73	1.44
1.530	1.30	1.84	2.51	0.50	1.10	1.65
1.540	0.65	1.32	2.01	1.14	1.55	2.35
1.550	0.37	0.91	1.58	1.57	2.17	2.86

Previous day's vol., Calls 4,055 Puts 2,132. Prev. day's open int., Calls 144,688 Puts 140,909

■ **THREE MONTH EURODOLLAR** (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	94.60	94.59	-0.01	94.62	94.57	86,782	432,878
Sep	94.46	94.48	-0.03	94.48	94.41	139,652	334,840
Dec	94.25	94.27	-	94.27	94.21	161,358	307,695

■ **US TREASURY BILL FUTURES** (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	95.04	95.03	+0.03	95.04	95.03	89	2,419
Sep	95.08	95.09	+0.02	95.10	95.07	997	9,898
Dec	94.94	94.94	+0.03	94.94	94.93	186	3,072

All Open interest figs. are for previous day

■ **EUROMARK OPTIONS** (LIFFE) DM1m points of 100%

Strike Price	CALLS Apr	CALLS May	CALLS Jun	CALLS Sep	PUTS Apr	PUTS May	PUTS Jun	PUTS Sep
9650	0.25	0.26	0.28	0.27	0.01	0.03	0.06	0.15
9675	0.06	0.08	0.10	0.14	0.09	0.11	0.13	0.27
9700	0.01	0.02	0.04	0.06	0.29	0.30	0.31	0.44

Est. vol. total, Calls 15300 Puts 23594. Previous day's open int., Calls 312389 Puts 274284

■ **EURO SWISS FRANC OPTIONS** (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
9800	0.27	0.27	0.22	0.07	0.21	0.41
9825	0.11	0.12	0.12	0.16	0.33	0.58
9850	0.03	0.06	0.05	0.33	0.50	0.74

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 5066 Puts 3049

BASE LENDING RATES

	%		%		%
Adam & Company	6.00	Duncan Lawrie	6.00	Royal Bk of Scotland	6.00
Allied Trust Bank	6.00	Exeter Bank Limited	7.25	•Singer & Friedlander	6.00
AIB Bank	6.00	Financial & Gen Bank	7.00	•Smith & Williamson Secs.	6.00
•Henry Ansbacher	6.00	•Robert Fleming & Co	6.00	TSB	6.00
Bank of Baroda	6.00	Girobank	6.00	United Bank of Kuwait	6.00
Banco Bilbao Vizcaya	6.00	•Guinness Mahon	6.00	Unity Trust Bank Plc	6.00
Bank of Cyprus	6.00	Habib Bank AG Zurich	6.00	Western Trust	6.00
Bank of Ireland	6.00	•Hambros Bank	6.00	Whiteaway Laidlaw	6.00
Bank of India	6.00	Heritable & Gen Inv Bk	6.00	Yorkshire Bank	6.00
Bank of Scotland	6.00	•Hill Samuel	6.00		
Barclays Bank	6.00	C. Hoare & Co	6.00		
Brit Bk of Mid East	6.00	Hongkong & Shanghai	6.00		
•Brown Shipley & Co Ltd	6.00	Julian Hodge Bank	6.00	•Members of London Investment Banking Association	
Citibank NA	6.00	•Leopold Joseph & Sons	6.00	* In administration	
Clydesdale Bank	6.00	Lloyds Bank	6.00		
The Co-operative Bank	6.00	Meghraj Bank Ltd	6.00		
Coutts & Co	6.00	Midland Bank	6.00		
Credit Lyonnais	6.00	Mount Credit Corp	6.25		
Cyprus Popular Bank	6.25	NatWestminster	6.00		
		•Rea Brothers	6.00		

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

	Notes	Price	+ or −	52 week high	52 week low	Mkt Cap£m	Yld Gr's	P/E
Allied Domecq		503	+6	588	478½	5,271	5.0	18.2
Bulmer (HP)		579	–	585	401	305.7	2.7	18.2
Burn St Dist		117	–	146	99	68.4	5.3	25.2
Grand Met		434xd	+5	467	374	8,868	4.3	18.7
Guinness		460½	-11½	506	435	9,329	4.1	15.3
Highland		359	–	408	315	408.2	2.8	15.9
Kirin Y		748	-4	808	621	7,872	0.3	29.2
Macallan-Glen		184	–	217	157	192.5	1.0	36.4
Macdon Martin A		633	–	680	600	86.7	2.2	17.8
Matthew Clark		712xd	+3	713	549	628.0	3.9	–
Merrydown		102	–	140	68	11.1	2.5	–
Seagram $		£21	[illegible]	£25	£16	5,809	1.3	–

BANKS, MERCHANT

	Notes	Price	+ or −	52 week high	52 week low	Mkt Cap£m	Yld Gr's	P/E
[illegible] Pf		601	–	604	501½	6.31	19.8	–
Cater Allen		450	–	525	424	145.7	8.3	7.4
Close Bros		369xd	+10	392	246½	450.5	3.1	16.4
Gerrard & Nat		404	–	472	399	187.6	7.0	13.0
Hambros		235	–	239	180	419.7	4.0	–
[illegible] Pf		106½	–	108	94½	137.2	8.8	–
King & Shaxson		131	–	135	85	38.9	7.5	11.7
Leopold J		460	–	485	353	23.9	5.2	15.5
Rea Brothers		58	-1	67	44	28.5	2.1	–
Schroders		1248	-15	1478	1006½	1,884	1.6	17.3
N/V		984	-21	1168	890	424.2	2.1	13.3
Singer & Fried		101	–	113	91	198.4	5.1	7.9

BANKS, RETAIL

[illegible]

BREWERIES, PUBS & REST

[illegible]

BUILDING & CONSTRUCTION

[illegible]

BUILDING MATS. & MERCHANTS

[illegible]

CHEMICALS

[illegible]

DISTRIBUTORS

[illegible]

DIVERSIFIED INDUSTRIALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONIC & ELECTRICAL EQPT

[illegible]

ELECTRONIC & ELECTRICAL EQPT - Cont.

[illegible]

ENGINEERING

[illegible]

ENGINEERING - Cont.

[illegible]

ENGINEERING, VEHICLES

[illegible]

EXTRACTIVE INDUSTRIES

[illegible]

EXTRACTIVE INDUSTRIES - Cont.

[illegible]

EXTRACTIVE INDUSTRIES - Cont.

[illegible]

FOOD PRODUCERS

[illegible]

GAS DISTRIBUTION

[illegible]

HEALTH CARE

[illegible]

HEALTH CARE - Cont.

[illegible]

HOUSEHOLD GOODS

[illegible]

INSURANCE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

INV TRUSTS SPLIT CAPITAL

[illegible]

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LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

LEISURE & HOTELS

LEISURE & HOTELS - Cont.

LIFE ASSURANCE

MEDIA

OIL EXPLORATION & PRODUCTION

OIL, INTEGRATED

OTHER FINANCIAL

OTHER FINANCIAL - Cont.

PAPER, PACKAGING & PRINTING

PHARMACEUTICALS

PROPERTY

PROPERTY - Cont.

RETAILERS, FOOD

RETAILERS, GENERAL

RETAILERS, GENERAL - Cont.

SUPPORT SERVICES

SUPPORT SERVICES - Cont.

TELECOMMUNICATIONS

TEXTILES & APPAREL

TOBACCO

TRANSPORT

WATER

AIM

AIM - Cont.

AMERICANS

CANADIANS

SOUTH AFRICANS

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by FT Extel, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices over a rolling 52 week period.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Earnings used in calculations are based on IIMR "Headline Earnings" formula.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures.

Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

*Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- • Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- Figures or report awaited
- ♥ Rule 2.1(a)(iv) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- Rule 4.2(a) Irish incorporated non-listed companies.
- Price at time of suspension
- Indicated dividend yield after pending scrip and/or rights issue
- Merger bid or reorganisation in progress
- Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- Unregulated collective investment scheme.

a Yield based on annualised dividend
h Figures based on prospectus or other official estimates.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
e Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v P/e ratios are calculated under new ACT guidelines.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1995.
K Yield based on prospectus or other official estimates for 1996
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1995-96.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xf ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1250 a year for each security shown, subject to the Editor's discretion

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For readers phoning from outside UK, please dial +44 in place of the first 0.

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Currency Funds Ltd

BERMUDA (REGULATED)(**)

GUERNSEY (SIB RECOGNISED)

Royal Bk of Canada O/S Fd Mgrs Ltd - Contd.

Sarasin Funds Mngmt (Guernsey) Ltd

Schroder Investment Mngmt (Guernsey) Ltd

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

Guinness Flight Select Funds Plc

Hambros Fund Managers (Ireland) Ltd

Henderson Crosthwaite Investment Co

LGT Asset Management Ltd

IRELAND (REGULATED)(**)

Chemical Ireland Fund Administrators Ltd

CIR Investment Fund (Ireland)

Citizens Investment Trust Mngt Company

Daiwa Europe Fund Managers Ireland Ltd

Dragon Korea Fund Plc

Dresdner Kleinwort Benson Int Mgt Services Ltd

Ashburton Global Funds Ltd (1200)

Bank of Ireland Asset Mngmt (IOM) Ltd

CMI Fund Managers (IoM)

Mercury Fund Managers IoM Ltd

Quilter Intl Mngt (IoM) Ltd

Sun Life Management (IoM) Ltd

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

John Govett Management (Jersey) Ltd

ISLE OF MAN (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

OFFSHORE INSURANCES

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Credit Investment Funds - Contd.

NICAM Asia Pacific Umbrella Fund

Nikko Asia Convertible Bond Fund

Nikko Bank (Luxembourg) S.A.

Nomura Asian Infrastructure Fd SICAV

Allied Dunbar International Assce Ltd (z)

CMI Insurance Co Ltd

Professional Investment Consultants

Royal Life International

Buchanan Capital Management Ltd

CA Securities Investment Fund Mangt Ltd

CB Asset Management

CBC International

Global Asset Management

London Portfolio Services Group

MBF Unit Trust Managers Limited

The MC Dennis Fund LP

MD Sass Re/Enterprise International Ltd

MFS Meridian Funds

Regent Kingpin Capital Management Ltd

Regis Asset Management

Republic Funds

OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

LONDON STOCK EXCHANGE

MARKET REPORT

Water-heavy FT-SE Mid 250 hits another record

By Steve Thompson, UK Stock Market Editor

A fresh burst of takeover news in the utilities sector was just the tonic the London market needed to help it withstand the downward pressures from the US.

There was disappointing news for London's markets from the February inflation data, released during the morning, which showed a higher than expected figure for underlying inflation. This came out at an annual rate of 2.9 per cent, against most expectations of a 2.7 per cent figure.

But the news that Severn Trent, the second biggest of the UK water companies, intends bidding for South West Water produced a surge of buying interest across the water sector, which analysts expect to attract more takeover activity. Wessex Water said at the start of this month that it intended to bid for South West and a full-scale battle now seems in prospect.

The sizeable gains in the water issues were the driving force behind the latest powerful performance by the FT-SE Mid 250 index, which hit a new all-time high for the second consecutive session, closing 15.2 up at 4,297.4. Over the past four sessions, the Mid 250 has risen 70.2, or 1.7 per cent.

There was much less impact on the FT-SE 100 index, which contains only two water stocks, Severn Trent and Thames. Severn's weakness, which stemmed from worries about the group getting into a bidding war, was largely offset by the strength of Thames Water, which ran ahead in the wake of a substantial restructuring.

The Footsie posted a 12.9 points rise to 3,698.3, an impressive performance in the face of the weakness of Wall Street. Overnight the Dow gave up 14 points, burdened by the Digital Equipment profits warning, and fell again yesterday, posting a 30-point decline an hour after London closed.

The bid news in the water shares was the prime motivation behind the market's early strength which saw equities advance across the board, albeit in relatively quiet trading.

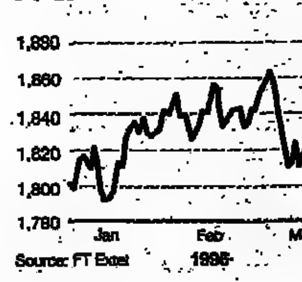
A long list of company results provided plenty of interest, with Guinness an early casualty. The drinks group was the Footsie's second-worst performer after rather uninspiring preliminary figures and a cautious statement on current year prospects, which more than offset news of a possible special dividend or share buyback.

Meat processing companies such as Sims and Ireland's Kerry Group were given a roasting by the mad cow disease controversy, which also saw companies involved in poultry production, such as Bernard Matthews, attract good support.

Big Footsie winners included Sun Alliance, which was given a lift by hints that the composite insurer was among the favourites to acquire Friends Provident, the mutual insurer; and Siebe, where market perceptions are that the company will not pay more than around 650p a share for takeover target Unitech.

Turnover at 6pm was 842m shares, almost 60 per cent of which was in non-Footsie stocks. Almost 100m, or 11 per cent of the total, were transacted in Silver Shield and Allied Radio, both penny stocks.

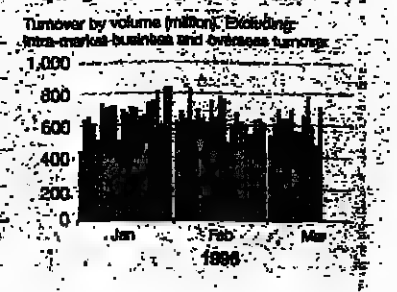
FT-SE-A All-Share Index



Source: FT Extel 1996

Equity shares traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



Indices and ratios

FT-SE 100	3698.3	+12.9	FT Ordinary index	2769.3	+12.9
FT-SE Mid 250	4297.4	+15.2	FT-SE-A Non Fins p/e	16.85	16.80
FT-SE-A 350	1860.5	+6.5	FT-SE100 Fut Jun	3696.0	+11.0
FT-SE-A All-Share	1839.60	+6.12	10 yr Gilt yield	8.05	8.06
FT-SE-A All-Share yield	3.82	3.83	Long gilt/equity yld ratio:	2.21	2.20

Best performing sectors

1 Pharmaceuticals .... +2.1
2 Engineering: Vehicles .... +1.5
3 Tobacco .... +1.2
4 Consumer Goods .... +1.1
5 Electronic & Elect Equip .... +0.9

Worst performing sectors

1 Oil: Integrated .... −0.6
2 Mineral Extraction .... −0.6
3 Banks: Merchant .... −0.5
4 Chemicals .... −0.5
5 Leisure & Hotels .... −0.4

Southern seen as bid target

Southern Water bubbled 24 higher to 747p as the latest takeover proposal within the sector marked it out as the company most likely to be the next target.

Severn Trent announced that it was seeking regulatory clearance to make an offer for South West Water. Analysts pointed out that, as South West has already received an approach from Wessex Water, there was bound to be one loser. And the logical consolation prize – no matter which of them loses – would be Southern.

"We are in a period of significant rationalisation," said Mr Kevin Lapwood of Merrill Lynch, who has just issued a big overview of the sector which favours Anglian, Severn, Southern, Welsh and United Utilities as the key attractions.

Mr Lapwood believes that any bidder for Southern could quite comfortably swallow price cuts of 20 per cent and still pay up to 800p a share for the company.

Severn and Wessex fell 21 to 618p and 7 to 331p respectively on the prospect of a bid battle. South West jumped 44 to 659p.

Elsewhere in the sector, Thames moved ahead 17 to 575p as the company gave details of big restructuring and the prospect of a share buyback or special dividend.

BT slipped to equal its 52-week low, in volume hoisted to 23m by a substantial two-way pull in the shares.

There was renewed speculation that the telecoms giant would demerge, should a satisfactory deal not be hammered out with industry regulator Oftel. And some brokers felt that the City's reaction to the Oftel consultative document had been too negative.

A number of very fancy break-up numbers flew around the market, with some estimates topping £35bn, against BT's present stock market value of £21.5bn. At the same time, Lehman Brothers stuck firmly to a buy recommendation.

The broker has a target price of 370p for BT. It reckons there is good scope for a bargain to be struck on pricing. "The proposed range for RPI minus X of 5 to 9 per cent shows there is plenty of flexibility at Oftel," said Lehman analyst Mr Paul Norris.

In the event, however, the bears proved the more persuasive, and the shares came off 4 to 340½p for a two-day slide of more than 3 per cent.

Mobile phones group Vodafone recovered 3½ to 243p, helped by good news on digital subscription. Cable television shares also perked up. TeleWest Communications moved forward 3½ to finish at 140p after 5.4m traded.

Pharmaceuticals stocks bounced sharply with the help of an issue of call warrants by SBC Warburg.

The broker issued 2m American-style call warrants on a basket of UK pharmaceutical shares. Each basket consists of shares of Glaxo Wellcome, Zeneca, SmithKline Beecham and Smith & Nephew. The warrants were set at 130p and are exerciseable at 1,000p each in September next year.

The issue comes on the back of an issue of 10m American-style call warrants on ordinary shares of Glaxo Wellcome on Wednesday. SmithKline Beecham rose 28 to 684p in the "A"s, Glaxo Wellcome 14 to 819p, Zeneca 3 to 1346p and Smith & Nephew 1½ to 184p.

Spirits group Guinness was one of the day's worst performing stocks, after analysts downgraded profits expectations following the release of full-year figures.

Sentiment was particularly weakened by a cautious statement from the group. The shares fell 11¼ to 460¼p in heavy trading of 13m. UBS, which turned less negative on the stock only last month, reduced its current year profits estimates by £30m to £955m, and by £40m to £1.03bn for the following year.

Analysts were disappointed by the sharp increase in marketing expenditure, particularly "when there is no evidence of improving trends".

Nikko Europe was said to have downgraded its current year profits estimate by £15m to £985m.

In the rest of the sector, Allied Domecq continued to move forward amid talk that it will soon announce the sale of its 50 per cent stake in the Carlsberg-Tetley joint venture. The shares appreciated a further 6 to 503p.

Speculative interest continued to drive Young & Co's Brewery forward. The "A" shares strengthened 37 to 550p. Similar talk was said to be behind the advance in Regent Inns. The shares closed 6 ahead at 1001p.

Speculation that Scottish & Newcastle may after all be lining up an offer for Ladbroke Group returned to the market yesterday. The former's shares moved against the market trend to close ½ lighter at 648½p, while Ladbroke firmed 2 to 190p in trade of 3.2m.

Electronics giant GEC, to be recharged later this year with a fresh intake of top management, moved smoothly up the Footsie rankings.

Institutions were said to be tucking the stock away for the long term, ahead of a radical reshaping of Europe's defence industry and on the understanding that GEC will in future be less risk-adverse. The shares added 7 at 368p.

Among leisure stocks, Rank Organisation fell 8 to 499p, with NatWest Securities said to have advised investors to "reduce" holdings.

However, analysts at Henderson Crosthwaite take the opposite view and said yesterday they expect an upbeat statement at next month's annual meeting. They added: "We expect the new management at the company will lead to a more focused leisure business."

Bus group Go-Ahead, one of this year's strongest transport stocks, skidded into reverse after an unexpected profits warning sparked broker downgrades.

The group, which announced solid interim figures barely three weeks ago, has been hit by a price war on its hitherto high margin Oxford operations. Charterhouse Tilney cut back by £2.3m to £11m for this year, and the shares closed 35 lower at 309p.

Coach and bus operator National Express put on 9 to 486p after strong results led to contrasting broker upgrades.

Smiths Industries burst through the £7 barrier to a new high of 702p, up 4. Rolls-Royce also added 4, rising to 221p on talk of a strong recovery in its spares market and fading worries about the demise of Dutch plane maker Fokker.

It was a good day to float a company yesterday. There were three debuts in the market and all were well received.

Shares in Fulmar, a brochure printer, were offered at 154p by UBS, began trading at 183p and ended the day at 186p.

Triad, a computer services consultant, was placed at 135p a share by Beeson Gregory, started trading at 173p a share and closed at 178p. Finally Silver Shield, a windscreen group, was floated at 3p a share and closed at 3¾p.

CORRECTION

NatWest Securities has not issued a sell note on BAT Industries or changed its forecast. A sell stance was wrongly indicated in yesterday's report.

MARKET REPORTERS: Peter John, Joel Kibazo, Jeffrey Brown.

FINANCIAL TIMES EQUITY INDICES

	Mar 21	Mar 20	Mar 19	Mar 18	Mar 15	Yr ago	*High	*Low
Ordinary Share	2769.3	2756.4	2756.0	2743.8	2731.4	2398.7	2807.9	2238.3
Ord. div. yield	3.92	3.94	3.94	3.96	3.97	4.42	4.73	3.76
P/E ratio net	16.39	16.32	16.31	16.49	16.43	16.66	21.33	16.35
P/E ratio nil	16.07	16.00	16.00	16.17	16.11	16.38	22.21	15.17

Ordinary Share index since compilation: high 2769.2 18/01/96, low 49.4 26/06/40 Base Date: 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2759.5	2763.4	2770.3	2769.3	2768.8	2768.2	2767.3	2767.2	2770.3	2772.2	2759.5

	Mar 21	Mar 20	Mar 19	Mar 18	Mar 15	Yr ago
SEAQ bargains	39,543	38,190	41,028	37,132	35,135	34,541
Equity turnover (£m)†	-	1839.2	2211.0	1303.2	1704.2	1766.6
Equity bargains†	-	48,670	43,592	42,070	39,338	47,054
Shares traded (ml)†	-	620.4	731.8	478.6	598.2	777.1

†Excluding intra-market business and overseas turnover.

	Mar 21	Mar 20	Mar 19	Mar 18	Mar 15	Yr ago	*High	*Low
FT-SE AIM	992.30	976.10	977.30	974.90	967.61	-	1064.82	965.68

*For 1995/96.

London market data

Rises and falls*		52 Week highs and lows		LIFFE Equity options	
Total Rises	688	Total Highs	125	Total contracts	26,997
Total Falls	508	Total Lows	24	Calls	14,309
Same	1,589			Puts	12,688

Mar. 21 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	3690.0	3696.0	+11.0	3708.0	3675.5	8924	60559
Sep		3712.0	+11.0				2340

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun		4290.0	+12.0				3405

■ FT-SE 100 INDEX OPTION (LIFFE) (*3693) £10 per full index point

[illegible]

Calls 1,465 Puts 1,808

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

[illegible]

Calls 3,315 Puts 5,085 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1996 High	1996 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
-	F.P.	51.4	527	496	BZW Eq (Bmdz)	514	-2	-	-	-	-
-	F.P.	1.55	2	2	†Capital & Wstrp	2		-	-	-	-
-	F.P.	0.07	5½	3	Clubhaus Wts	3		-	-	-	-
12	F.P.	53.2	16½	14	†Freepages	14½	-½	v-	-	-	-
154	F.P.	59.3	186	183	Fulmar	186		Ln4.3	2.7	2.9	16.2
-	F.P.	31.8	143	108	†IOC Intl	130		-	-	-	-
100	F.P.	30.0	100	98	Intl Biotech C	100		-	-	-	-
100	P.P.	22.6	53	52	Life Offices	52	-½	-	-	-	-
-	F.P.	67.3	24½	20	M & G Equity Cap	22½		-	-	-	-
-	F.P.	5.17	92	86	M & G Equity Div	90		-	-	-	-
-	F.P.	66.8	45	42	M & G Equity Inc	43½		-	-	-	-
145	F.P.	111.3	190	145	Macdonald Hotels	190	+1	RWv4.0	2.3	2.6	20.7
125	F.P.	16.1	130	125	†Marine & Merc	126		-	-	-	-
600	F.P.	175.7	509	66	Perp Inc & Gwth	509		-	-	-	-
100	F.P.	16.5	105	103	†Prmry High Props	103	-2	-	-	-	-
-	F.P.	24.2	98	97	Saracen Value C	97		-	-	-	-
-	F.P.	204.4	258¼	241	Schroder UK G Uts	258½		-	-	-	-
3	F.P.	4.96	3¾	3½	Silver Shield	3¾		v-	-	-	16.5
120	F.P.	37.3	141	123	Stadium Group	136	-4	Ln3.8	3.1	3.5	11.4
180	F.P.	108.6	188	178	Streamline	178		Wv7.7	1.7	5.5	13.2
135	F.P.	44.8	178	153	Triad Group	178		Pv2.35	3.0	1.7	23.8
185	F.P.	111.3	242	218	Visual Action	242	+10	Rw4.7	2.9	2.4	17.7

† Alternative Investment Market. For a full explanation of all other symbols please refer to The London Share Service notes.

FT GOLD MINES INDEX

	Mar 20	% chg on day	Mar 19	Year ago	Gross div yield %	P/E ratio	52 week High	52 week Low
Gold Mines Index (35)	2232.78	-0.2	2237.28	1667.38	1.48	-	2520.73	1722.82
■ Regional Indices								
Africa (18)	3037.33	-0.8	3060.68	2557.41	2.78	34.79	3563.86	2272.74
Australasia (6)	2583.06	-0.1	2595.45	2062.89	2.45	38.71	2927.34	1995.82
North America (12)	1951.58	+0.1	1950.47	1583.12	0.89	89.04	2186.39	1468.84

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FT - SE Actuaries Share Indices — The UK Series

[illegible]

■ FT-SE Actuaries All-Share

[illegible]

■ Hourly movements

[illegible]

■ FT-SE Actuaries 350 Industry baskets

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Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. [remainder of footnote illegible]

TRADING VOLUME

■ Major Stocks Yesterday

[illegible]

هكذا من الأصل

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Mar 21 / Sch)

BELGIUM/LUXEMBOURG (Mar 21 / Frs.)

CZECH REP (Mar 21 / Koruna)

DENMARK (Mar 21 / Kr)

FINLAND (Mar 21 / Mka)

FRANCE (Mar 21 / Frs.)

GERMANY (Mar 21 / Dm.)

GREECE (Mar 21 / Drachma)

ITALY (Mar 21 / Lira)

NETHERLANDS (Mar 21 / Fls.)

NORWAY (Mar 21 / Kroner)

POLAND (Mar 21 / Zloty)

PORTUGAL (Mar 21 / Escudo)

SPAIN (Mar 21 / Pta.)

SWEDEN (Mar 21 / Kronor)

SWITZERLAND (Mar 21 / Frs.)

TURKEY (Mar 21 / TK Lira)

PACIFIC

JAPAN (Mar 21 / Yen)

HONG KONG (Mar 21 / H.K.$)

INDONESIA (Mar 20 / Rupiah)

MALAYSIA (Mar 21 / MYR)

NEW ZEALAND (Mar 21 / NZ $)

SINGAPORE (Mar 21 / S$)

AUSTRALIA (Mar 21 / Aust$)

SOUTH KOREA (Mar 21 / Won)

TAIWAN (Mar 21 / TW $)

THAILAND (Mar 21 / Baht)

AFRICA

SOUTH AFRICA (Mar 20 / Rand)

NORTH AMERICA

CANADA

TORONTO (Mar 21 / Can $) 4 pm close

MONTREAL (Mar 21 / Can $) 4 pm close

INDICES

	Mar 21	Mar 20	Mar 19	1995/96 High		1995/96 Low	
Argentina							
General(29/12/77)	(u)	15744.61	15628.61	18191.56	31/1/96	8801.09	9/3/95
Australia							
All Ordinaries(1/1/80)	2282.9	2248.4	2256.3	2323.49	4/3/96	1823.30	8/2/95
All Mining(1/1/80)	1050.3	1044.5	1040.5	1089.30	4/3/96	735.30	8/2/95
Austria							
Credit Aktien(30/12/84)	371.01	360.74†	368.51	395.42	2/1/95	328.50	27/10/95
Traded Index(2/1/91)	1060.65	1060.64	1056.84	1094.95	7/2/95	882.15	23/10/95
Belgium							
BEL20(1/1/91)	1695.78	1682.02	1682.01	1769.71	7/3/96	1271.63	9/3/95
Brazil							
Bovespa(29/12/83)	(u)	48694.0	48515.0	54109.00	2/2/96	21382.00	9/3/95
Canada							
Metals Minls♦(1975)	(u)	5381.70	5483.82	5483.82	19/3/96	3808.83	1/3/95
Composite♦(1975)	(u)	4961.34	4987.27†	5059.69	14/2/96	3981.41	30/1/95
Portfolio§§(4/1/83)	(u)	2420.05	2427.74	2486.57	8/2/96	1953.36	30/1/95
Chile							
IPSA Gen♥(31/12/80)	(u)	5414.52	5433.59	6368.10	11/7/95	4570.50	9/3/95
Denmark							
CopenhagenSE(3/1/83)	380.15	378.31	378.55	391.35	13/2/96	330.61	29/3/95
Finland							
HEX General(28/12/90)	1870.54	1881.16	1897.16	2332.22	14/9/95	1655.30	29/3/95
France							
SBF 250(31/12/90)	1350.71	1346.35	1347.77	1372.31	4/3/96	1154.41	13/3/95
CAC 40(31/12/87)	1976.89	1969.79	1967.20	2004.09	1/2/96	1721.14	23/10/95
Germany							
FAZ Aktien(31/12/58)	885.15	883.00	883.82	886.12	5/3/96	708.87	30/3/95
Commerzbank(1/12/53)	2582.3	2555.6	2558.6	2584.10	5/3/96	2018.70	30/3/95
DAX‡(30/12/87)	2504.12	2485.90	2493.26	2504.12	21/3/96	1910.96	28/3/95
Greece							
Athens SE(31/12/80)	981.40	977.51	980.82	1017.86	4/3/96	787.15	16/3/95
Hong Kong							
Hang Seng(31/7/64)	11027.96	10836.53	10880.50	11594.99	16/2/96	6967.93	23/1/95
India							
BSE Sens.(1979)	3281.93	(c)	3256.67	3982.09	2/1/95	2828.06	25/1/96
Indonesia							
Jakarta Comp.(10/8/82)	(c)	585.97	587.34	597.36	27/2/96	414.21	19/4/95
Ireland							
ISEQ Overall(4/1/88)	2358.59	2363.49†	2378.54	2398.79	7/3/96	1813.50	23/1/95
Italy							
Banca Comm. Ital(1972)	594.11	591.14	594.02	680.54	10/2/95	547.78	5/12/95
MIB General(2/1/95)	1009.0	1003.0	1007.0	1082.00	8/2/96	882.00	15/1/96
Japan							
Nikkei 225(16/5/49)	20727.53		(c) 20442.80	21118.28	8/2/96	14485.40	3/7/95
Nikkei 300(1/10/82)	297.89		(c) 294.17	307.96	5/1/96	222.28	13/6/95
Topix(4/1/68)	1588.01	(c)	1569.73	1632.08	5/1/96	1193.16	13/6/95
2nd Section(4/1/68)	1986.94	(c)	1981.01	2130.88	4/1/95	1441.90	13/6/95
Malaysia							
KLSE Comp.(4/4/86)	1148.53	1126.90	1122.53	1148.63	21/3/96	840.87	24/1/95
Mexico							
IPC(Nov 1978)	(c)	3004.37	3008.84	3101.82	2/2/96	1447.82	27/2/95
Netherland							
CBS TRtnGen(End 83)	578.2	579.3	580.1	580.10	19/3/96	422.90	23/3/95
CBS All ShrEnd 83	350.0	350.7	351.2	351.20	19/3/96	265.20	23/3/95
New Zealand							
Cap. 40(1/7/86)	2168.17	2151.20	2123.20	2206.02	20/10/95	1901.43	5/1/95
Norway							
Oslo SE(Ind)(2/1/83)	1331.07	1333.00	1342.03	1342.60	19/3/96	1036.60	10/3/95
Philippines							
Manila Comp(2/1/85)	2890.58	2859.82	2875.42	2988.12	10/7/95	2195.46	20/11/95
Portugal							
BTA(1977)	2628.2	2624.2	2612.9	2911.60	9/1/95	2412.90	22/11/95
Singapore							
SES All-S'pore(2/4/75)	587.77	577.38	577.50	610.37	5/2/96	472.90	23/1/95
South Africa							
JSE Gold(28/9/78)	(c)	1722.6♥	1738.6	2023.00	2/1/95	1269.20	30/10/95
JSE Ind.(28/9/78)	(c)	8230.3♥	8237.9	8720.30	25/1/96	6222.00	31/1/95
South Korea							
KoreaCompEx**(4/1/80)	868.20	868.95	860.13†	1027.37	2/1/95	838.87	13/3/95
Spain							
Madrid SE(30/12/85)	337.54	335.11	(u)	348.87	1/3/96	284.06	23/3/95
Sweden							
AffarsvarldnGen(1/2/37)	1903.2	1919.8	1927.0	1927.00	19/3/96	1430.80	28/3/95
Switzerland							
Swiss Bk Ind(31/12/58)	1739.49	1730.71	1725.80	1739.40	21/3/96	1174.63	13/3/95
SBC General(1/4/87)	1237.56	1230.64	1228.13	1237.56	21/3/96	870.58	13/3/95
Taiwan							
WeightedPr.**(30/6/66)	5042.28	5040.52	4950.32	7051.49	5/1/95	4503.37	14/8/95
Thailand							
Bangkok SET(30/4/75)	1293.51	1287.90	1284.08	1472.04	10/7/95	1135.69	16/3/95
Turkey							
Istanbul Comp.(Jan 1986)	57772.5	55930.9	55895.6	57772.80	21/3/96	24044.30	23/1/95
WORLD							
MS Capital Intl(1/1/70)	758.8*	754.8	758.3	761.18	23/2/96	598.21	23/1/95
CROSS-BORDER							
Eurotrack 100(26/10/90)	1510.28	1508.30	1508.65	1510.28	21/3/96	1222.41	13/3/95
Euro Top-100(26/6/90)	(u)	1410.21	1410.88	1416.64	1/3/96	1117.34	9/3/95
JCapsEqty(31/12/88)	(u)	398.93	398.77	382.52	19/2/96	282.07	23/1/95
ING Emgs Eeq(7/1/88)	154.84	154.25	153.51	162.72	5/2/96	117.15	10/3/95

INDEX FUTURES

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
CAC-40 (200 x Index)							
Mar	1978.0	1982.0	+6.0	1990.0	1972.0	18,973	38,318
Apr	1981.0	1985.0	+6.0	1991.5	1977.5	2,888	6,929
DAX							
Mar	2501.0	2513.0	+16.0	2517.5	2499.0	20,802	-
Jun	2522.0	2532.0	+15.5	2536.0	2521.0	10	-
OMX							
Mar	1512.00	1500.75	-17.75	1518.00	1499.00	4,757	14,886
Apr	1510.00	1500.00	-17.00	1516.00	1498.00	2,850	9,888
SOFFEX							
Apr	3614.0	3626.0	+14.0	3628.0	3612.5	2,816	17,638
May	-	3612.0	-	-	-	1	717

** Sat Mar 16: Taiwan Weighted Price 4940.85; Korea Comp Ex 856.68. Base values of all indices are 100 except: Australia All Ordinary and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall: Toronto Comp./Metals & Minerals and DAX – all 1,000; JSE Gold – 255.7; JSE 25 Industrials – 264.3; NYSE All Common – 50 and Standard and Poor's – 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours Index: Mar 21 - 2505.32 +13.69

US INDICES

Dow Jones	Mar 20	Mar 19	Mar 18	1995/96 High	1995/96 Low	Since compilation High	Since compilation Low
Industrials	5655.42	5669.51†	5683.60	5683.60 (18/3/96)	3832.08 (30/1/95)	5683.60 (18/3/96)	41.22 (2/7/32)
Home Bonds	103.68	103.46	103.37	106.86 (14/2/96)	93.63 (3/1/95)	108.77 (18/10/93)	54.99 (1/10/81)
Transport	2194.50	2215.21	2184.75	2215.21 (19/3/96)	1473.19 (3/1/95)	2215.21 (19/3/96)	12.32 (8/7/32)
Utilities	214.66	213.95	215.69	234.80 (12/2/96)	183.03 (3/1/95)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 5724.08 (5755.86) Low 5590.39 (5619.66) (Theoretical♦)
Day's high 5683.60 (5709.07) Low 5616.77 (5652.53) (Actual♦)

Standard and Poors	Mar 20	Mar 19	Mar 18	1995/96 High	1995/96 Low	Since compilation High	Since compilation Low
Composite‡	649.98	651.69	652.65	661.45 (12/2/96)	459.11 (3/1/95)	661.45 (12/2/96)	4.40 (1/6/32)
Industrials♥	767.84	771.94	773.88	776.23 (23/2/96)	546.28 (3/1/95)	776.23 (23/2/96)	3.62 (21/6/32)
Financial	66.46	65.99	66.00	66.58 (5/3/96)	41.64 (3/1/95)	66.58 (5/3/96)	8.64 (1/10/74)
NYSE Comp.	348.20	348.55	348.79	351.70 (12/2/96)	250.73 (3/1/95)	351.70 (12/2/96)	4.46 (25/4/42)
Amex Mkt Val	567.27	564.57	564.70	570.31 (7/3/96)	433.12 (6/1/95)	570.31 (7/3/96)	29.31 (9/12/72)
NASDAQ Comp	1101.82	1112.50	1114.42	1117.79 (23/2/96)	743.58 (3/1/95)	1117.79 (23/2/96)	54.87 (31/10/72)

RATIOS

	Mar 15	Mar 8	Mar 1	Year ago
Dow Jones Ind. Div. Yield	2.15	2.18	2.15	2.89
	Mar 20	**Mar 13**	**Mar 6**	**Year ago**
S & P Ind. Div. yield	1.87	1.85	1.87	2.38
S & P Ind. P/E ratio	21.28	21.01	21.05	17.32

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Change on day
Philip Morris	11,973,300	89½	+3¼
Digital Eq	11,183,400	58	-11⅛
IBM	7,582,300	117	-4¾
Micron Tech	6,404,300	32¾	-1⅛
Compaq	5,806,400	38	-2
Teleforce	4,825,800	31⅝	-⅝
Seagate Tch	4,348,300	54¾	-3¼
Hewlett Pckrd	4,228,300	97¼	-4
Merck	3,986,800	63	+1
K Mart	3,818,900	10	+⅛

TRADING ACTIVITY

● Volume (million)	Mar 20	Mar 19	Mar 18
New York SE	408.886	442.428	436.577
Amex	24.296	25.481	20.850
NASDAQ	549.158	533.894	510.092
NYSE			
Issues Traded	3,080	3,107	3,130
Rises	1,150	1,260	1,725
Falls	1,158	1,084	707
Unchanged	781	763	698
New Highs	128	157	142
New Lows	11	17	18

	Open	Latest	Change	High	Low	Est. vol.	Open Int.
S&P 500							
Jun	656.00	657.00	+0.85	657.85	650.80	69,459	181,258
Sep	663.00	662.50	+0.75	663.10	661.30	134	4,528

	Open	Sett price	Change	High	Low	Est. vol.	Open Int.
Nikkei 225							
Jun	20570.0	20780.0	+220.0	20820.0	20570.0	23,442	257,708
Sep	20660.0	20830.0	+240.0	20850.0	20650.0	422	12,454

Open interest figures for previous day.

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. Index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are based on data from Jan 1 1995. # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. † Priced in US $.

TOKYO - MOST ACTIVE STOCKS: Thursday, March 21, 1996

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Toshiba Corp	19.0m	790	-4	Tokyu Corp	6.5m	790	+8
Nippon Stl Corp	12.5m	348	+5	Toyota Motor	6.4m	2340	+60
Japan Energy	8.1m	389	+19	Kawasaki Hvy Ind	5.8m	532	+9
NKK Corp	7.8m	298	+1	Chiba Bank	5.3m	840	-20
Mitsubishi Hvy	7.0m	885	+15	Honda Motor	4.8m	2290	+50

4 pm close March 21

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1995/96 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
22⅞	12⅛	AAR	0.48	2.4	21	48	20⅛	20	20	-⅛
48¼	35	AMP	1.00	2.3	21	3831	43	42½	42⅝	-⅛
93⅝	63⅜	AMR			36	7851	91⅝	90¼	90¼	-⅞
50½	36⅛	ASA	2.00	4.4	30	1114	45⅝	44⅛	45⅝	+1⅛
44¾	30¾	AbbtL	0.96	2.3	19	15309	41½	40¾	41¼	+⅜
18⅞	12	Abitibi Pr	0.40	2.8	7	447	14⅝	14¼	14¼	-⅛
31¾	21	ABM Ind	0.70	2.2	16	31	u31¾	31⅝	31¾	
17½	13⅛	Acptocain			53	72	15	14¾	15	+⅛
50⅜	21⅞	ACE Ltd	0.56	1.3	10	1480	43⅝	43½	43½	-⅛
9⅞	8⅛	ACM Gvt In	0.90	9.5	8	383	9¾	9½	9½	-⅛
7⅞	6½	ACM GvOpp	0.66	8.9		81	7⅜	7¼	7⅜	+⅛
7½	5¾	ACM Gvt Sp	0.75	11.1		63	6⅞	6¾	6¾	
9⅛	7¼	ACM Gvt Se	0.90	10.4		204	8¾	8⅝	8⅝	-⅛
9½	7⅝	ACM Man	0.90	9.6		742	9⅜	9¼	9⅜	+⅛
31¼	10¼	AcmeClv	0.52	1.7	7	2274	31⅛	30¾	30¾	-⅛
38¼	6⅛	Acme Elect			55	31	6¼	6⅝	6⅝	-⅛
34½	23¾	Acordia	0.72	2.3	18	5	31¼	31⅛	31⅛	-¼
18¾	10⅛	Acuson			45	362	14¾	14⅝	14⅝	-⅛
19⅝	16⅝	Adams Expr	0.38	1.9	0	114	19⅛	19	19	-⅛
38⅞	16⅛	AdvMic			6	4350	17⅛	17	17¼	-⅛
10¼	5	Advest Grp	0.18	1.7	9	74	9¾	9½	9⅝	+⅛
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4 pm close March 21

NYSE COMPOSITE PRICES

Continued from previous page

- T -

- U -

- V -

- W -

- X - Y - Z -

Price data supplied by Telekurs

AMEX COMPOSITE PRICES

4 pm close March 21

NASDAQ NATIONAL MARKET

4 pm close March 21

- A -

- B -

- C -

- D -

- E -

- F -

- G -

- H -

- I -

- J -

- K -

- L -

- M -

- N -

- O -

- P - Q -

- R -

- S -

- T -

- U -

- V -

- W -

- X - Y - Z -

FINANCIAL TIMES Friday March 22 1996

AMERICA

Weakness in cyclicals pulls Dow lower

Wall Street

Losses in cyclical shares pushed blue chip issues in the Dow Jones Industrial Average lower in midsession trading, while other, more broadly traded indices were mostly flat, *writes Lisa Bransten in New York.*

At 1 pm, the Dow was off 28.18 at 5,627.24. The Standard & Poor's 500 declined 1.28 to 648.70, but the American Stock Exchange composite added 0.35 at 567.60. Volume on the New York SE came to 215m shares.

Trading was volatile on the Treasury market as mixed economic data left investors still uncertain about the strength of the US economy. Fewer people than expected filed first time claims for unemployment benefits last week, according to the Labor Department. The Federal Reserve Bank of Philadelphia's business index, however, indicated that manufacturing activity remained weak in the region.

Fears that the economy was not as strong as the figures on February job creation suggested earlier this month turned some investors off cyclical shares, which had soared since the figures were released on March 8.

In early trading, the Morgan Stanley index of cyclical shares lost 0.8 per cent, while the counterpart index of consumer shares edged up 0.1 per cent.

Falling cyclical issues included Caterpillar, off $1 at $69¼, United Technology, $1 lower at $115¼, and Georgia Pacific, which retreated $1½ to $67⅛.

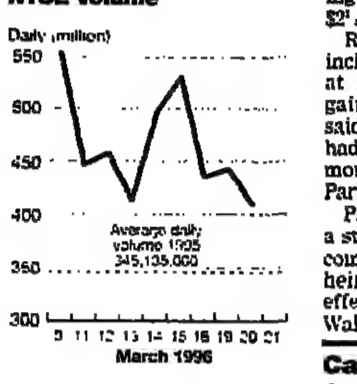
Computer technology shares were mixed, having slid on Tuesday on worries that sales of personal computers were slowing. The Nasdaq composite, however, fell only modestly because it received support from rising biotechnology shares. The Nasdaq was off 0.32 at 1,101.36, the Pacific Stock Exchange technology index was 0.5 per cent lower, while the American Stock Exchange biotechnology index was 0.8 per cent stronger.

Microsoft gave up $2¾ at $101⅞, while the index's second biggest company, Intel, put on $⅝ at $56¼. IBM, a component of the Dow, lost $2⅛ at $114⅞. Digital Equipment, which triggered Tuesday's slide by warning of falling PC sales, shed $2⅛ to $53¾.

Rising biotechnology shares included Amgen, $⅞ stronger at $60¾, and Chiron, which gained $1½ at $102¾. Amgen said that an experimental drug had produced improvements in monkeys with symptoms of Parkinson's Disease.

Pfizer advanced $2⅞ to $66 as a study which showed that the company's drug to treat Alzheimers Disease is safe and effective was circulated on Wall Street.

NYSE volume



Canada

Toronto was weak at midsession, taking its lead from Wall Street. The Bank of Canada's move before the market opened to cut its bank rate by 25 basis point to 5.25 per cent had little impact.

The TSE 300 composite index was 10.44 weaker by noon at 4,950.90 in volume of 39.5m shares.

The IPO from Upper Canada Brewing failed to match expectations, with the speciality brewer's shares picking up just C$⅛ from the C$8 offer price.

Analysts expected automotive parts, base metals and steel shares to rebound later in the session with the anticipated settlement of the 17-day strike at GM brake plants at Dayton, Ohio.

● Johannesburg was closed for a public holiday.

São Paulo rises 2% in confident early trading

Good midsession progress was seen in SAO PAULO as investors were encouraged by the start of a vote on social security reform in the chamber of deputies. The Bovespa index was up 983.34 or 2 per cent at 49,067 by midday.

One broker said that the result of the vote would not be known for some time, but most observers were confident that the reforms would be passed.

If the reforms were passed, analysts said, it would give the government a boost after a series of setbacks it had suffered over the past few weeks.

The Rio de Janeiro exchange was up 423 or 2.5 per cent at 18,619 in early trading.

SANTIAGO was weaker as most investors awaited the publication of economic data which was due out after the weekend. The general index was down 4.31 at 5,110.21 by midday.

Brokers said that high domestic interest rates, which had been approaching 7 per cent, had been keeping institutional investors out of the bourse and had encouraged many into fixed-income instruments.

The bourse, which had been losing ground steadily for some weeks, was not seen rallying until the central bank cut interest rates; that was not now expected until the second half of the year, analysts said.

Early losers included Concha y Toro, a wine maker, which receded 0.7 per cent to 135 pesos, and Soquimich, a maker of fertilisers, down 0.5 per cent at 2,000 pesos.

CARACAS was up 2 per cent in midsession trading as investors were optimistic about the country's economic recovery, while the arrival in the country of an IMF negotiating team also helped.

The IBC index was standing 65.20 higher at 3,205.00.

● Mexico City was closed for a public holiday.

EUROPE

LVMH, Axa in the lead as Paris closes higher

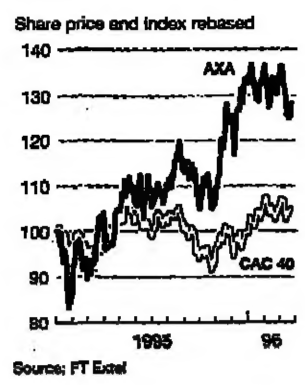
A clutch of results from, among others, LVMH, Axa, and Crédit Local de France, helped PARIS close higher, the CAC-40 index rising 7.10 to 1,976.89 in turnover of FFr4.7bn.

LVMH, heavily weighted in the index, was among the session's best performers, rising FFr45 to FFr1,182 after a 10 per cent rise in profits. Axa followed a 20 per cent rise in 1995 earnings with the forecast that the upward trend was set to continue throughout 1996, and the insurer's shares advanced FFr6.60 to FFr310.90. Analysts remarked that the group's diversification outside the domestic market and, in particular, into the US and the UK now seemed to be paying off.

There was a different story for Crédit Local, the specialist bank which lends to public authorities. Here the shares initially fell to FFr400.20 before closing 40 centimes higher at FFr404.40 on 1995 figures at the bottom end of expectations.

Nevertheless, Mr James Hyde, banking analyst at Williams de Broë, liked CLF's 10 per cent rise in dividend. "That is a signal of optimism," said Mr Hyde, who also suggested that the planned link-up with Credit Communal de Belgique had great potential.

AXA



Source: FT Extel

Renault reversed Wednesday's sharp drop, following a meeting between the company's management and analysts, and the shares rose FFr3.50 to FFr143.20.

FRANKFURT returned to all-time highs following Wednesday's disappointing M3 numbers. With little impetus from the dollar, the Dow or bunds, the Dax index finished 13.2 stronger at an Ibis-indicated 2,503.32.

Financials led once again, broadening to include Munich Re, Bayernverein, Dresdner and Commerzbank. Mr Robert Law of Lehman Brothers said that the banks' reporting season had brought them into the limelight, and that the lack of a rights issue with the Bayernverein figures had brought the Bavarian bank into the top 10. However, he retained his view that the long term trend for German bank shares was likely to be downwards, regarding any bounce as a selling opportunity.

Late in the day, Hoechst came back into the rankings following a short hiatus, DM12 higher at DM514.80, with BASF DM4.45 ahead at DM399.95. Hoechst, in particular, had seen a number of appreciative brokers' notes on the prospect of unlocking the value latent in its pharmaceuticals division, following the planned merger of Ciba and Sandoz in Switzerland.

AMSTERDAM featured Nedlloyd, the transport and shipping group, which admitted that it was facing a very difficult year and declined Fl 1.80 to Fl 34.80.

The AEX index softened 0.51 to 527.21.

KNP BT, the paper and office equipment company, shed Fl 1.10 to Fl 44.50 as MacMillan Bloedel, of Canada, said that it was selling its 17 per cent shareholding. Heineken extended its uptrend and hit a new high, up Fl 2.60 at Fl 341.

FT-SE Actuaries Share Indices

Mar 21								THE EUROPEAN SERIES
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1611.02	1611.37	1611.40	1611.82	1612.11	1611.05	1609.96	1610.28
FT-SE Eurotrack 200	1681.32	1682.29	1681.46	1681.86	1680.45	1679.80	1679.68	1679.05
	Mar 20	Mar 19	Mar 18	Mar 15	Mar 14			
FT-SE Eurotrack 100	1608.30	1608.65	1592.22	1582.14	1580.05			
FT-SE Eurotrack 200	1677.90	1676.03	1661.08	1651.94	1653.04			

Base value 1000 (26/10/90); High/day: 100 - 1612.85; 200 - 1682.30 Low/day: 100 - 1609.03 200 - 1678.02. † Partial.

ZURICH firmed on selective demand for chemicals and for UBS, and the SMI index finished 18.2 higher at 3,629.3.

Renewed foreign demand took Ciba registered up SFr27 to SFr1,457 and Sandoz SFr34 higher to SFr1,374 on their plans for the merger into Novartis later in the year.

UBS was SFr6 higher at SFr1,339 as the annual report forecast a "positive resolution" of the long running legal battle with the bank's largest minority shareholder, Mr Martin Ebner, over the adoption of a single share structure.

Brown Boveri lost SFr20 to SFr1,442 as ABB, the Swedish/Swiss engineering multinational, sought to play down the report in yesterday's Financial Times saying that European Commission investigators suspected the company of being one leader of an alleged Europewide price fixing and market rigging cartel.

Baloise, SFr150 ahead at SFr2,658, rose on renewed speculation that the company could become a takeover or merger target.

MADRID took note of bearish comment on papermakers and Ence dropped Pta95 to Pta1,730, but the broad market carried on upwards in line with a firm domestic bond market, and in sentiment improved by an initial political accord between the PP and the Catalan coalition.

The general index rose 2.53 to 337.64 in turnover of Pta40bn, with Pryca, the supermarket retailer, up Pta90 or 3.6 per cent to Pta2,590 on a 39 per cent dividend increase.

STOCKHOLM was weak on the stronger crown and a SKr6.5 fall in Ericsson to SKr144.5, after an individual downgrade in the US from CS First Boston, and in line with the slide in US technology stocks overnight.

The Affärsvärlden General index lost 16.6 to 1,903.2 as Asea fell SKr7 to SKr688.

MILAN continued to find the going tough, although underlying support came from the lira and domestic bonds, together with encouraging initial March inflation data. The Comit index picked up 2.97 to 594.11, while the real-time Mibtel index finished 5 weaker at 9,456.

Olivetti resumed its downward path, losing L5.2 to L794.8 on further worries on the outlook for its PC division.

SAI, L232 ahead at L16,103, continued higher on speculation about a bid from Generali, which fell L39 to L32,650. RAS was L219 weaker at L16,009 after publishing 1995 premium income figures.

ISTANBUL climbed to a new all-time peak, the composite index rising 1,781.70 or 2.7 per cent to 67,772.60. Turnover surged to TL17,610bn from Wednesday's TL13,430bn.

Brokers said that many institutions seemed to be buying stocks in anticipation of favourable first-quarter earnings reports.

Written and edited by William Cochrane, Michael Morgan and John Pitt

ASIA PACIFIC

Hong Kong punches through 11,000, Nikkei up 1.4%

Tokyo

Heavy buying of cyclical stocks by overseas investors lifted share prices and the Nikkei average rose 1.4 per cent, *writes Emiko Terazono in Tokyo.*

The 225-share index ended up 284.93 at 20,727.53 after fluctuating between 20,470.70 and 20,745.76. A rise in the dollar against the yen supported futures, prompting technical buying. Foreign investors purchased a wide range of car, steel, construction and oil stocks on expectations of an economic rebound.

Volume was estimated at 473m shares, against 416.9m. The Topix index of all first section stocks gained 18.28 at 1,588.01 and the Nikkei 300 firmed 3.52 to 297.69. Rises led declines by 825 to 273, with 122 issues unchanged.

In London the ISE/Nikkei 50 index put on 3.25 at 1,393.66.

Investors reacted to stronger than expected GDP figures released earlier in the week. The GDP figures for the October to December quarter grew at an annualised rate of 3.6 per cent, up from 0.6 per cent in the previous quarter.

Sentiment was lifted further by hopes that stalled parliamentary discussions over the budget bill, which contains government spending for the liquidation of the ailing housing loan companies, might resume following the upper house by-election in central Japan.

Wall Street weakness in the high-technology sector affected electrical stocks. Toshiba, the most active issue of the day, fell Y4 to Y790 and NEC lost Y10 to Y1,180. Sony, however, rose Y50 to Y6,380.

Chubu Electric Power, which will replace Bank of Tokyo as a component in the Nikkei 225, rose Y60 to Y2,480. Brokerage dealers bought the stock, which will be incorporated into the index on March 25. Sanwa Bank, which some investors had expected to replace BOT and which will merge with Mitsubishi Bank next month, fell Y50 to Y2,100 on profit-taking.

Foreigners bought Toyota Motor, which gained Y60 at Y2,340. Domestic institutions were seen to have completed their profit-taking in the stock ahead of the March book closing, and enthusiasm heightened thanks to the decline in the yen. Other carmakers moved up in line, Honda Motor by Y50 to Y2,290.

Large-capital blue chips were also higher on purchases by overseas investors. Nippon Steel added Y5 at Y348 and Mitsubishi Heavy Industries Y15 at Y885.

In Osaka, the OSE average moved ahead 198.61 to 21,749.67 in volume of 387.4m shares.

Roundup

A surge in index futures, and Hutchison's continued climb, helped HONG KONG punch through 11,000 at the close. The Hang Seng index jumped 191.43 or 1.8 per cent to end at the day's high of 11,027.96 as turnover improved to HK$5.9bn.

Hutchison rose HK$1.60 to HK$48.60 after Wednesday's HK$1.20 advance on the view that the conglomerate had lagged too far behind its Cheung Kong associate, which climbed HK$1.25 to HK$54.75.

Some analysts also cited Hutchison's flotation of its Orange mobile phone unit in Britain, and speculation that it could win a joint bid for Hong Kong's river trade terminal project.

Chinese Estates, up 15 cents to HK$7.20, was heavily traded, prompting speculation that it had made another placement following two share sales earlier this year.

TAIPEI's weighted index hit an intra-day high of 5,075.24 before profit-taking became the order of the day; it finished with a rise of 1.76 at 5,042.28 in turnover of T$43.3bn.

Expectations that the government would continue to afford support to the market, ahead of tomorrow's presidential election, helped improve confidence.

Shipping stocks attracted buying on hopes that the government might commence talks regarding direct transport links with mainland China after the election.

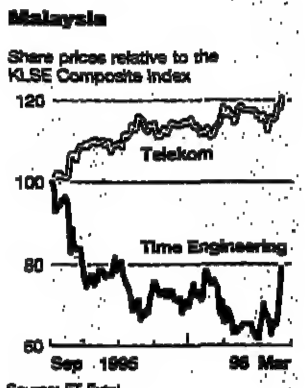
SINGAPORE was propelled higher on selective demand from funds for blue chips and property-related stocks and the Straits Times Industrial index added 38.84 at 2,422.80.

City Developments rose 50 cents to S$12.10, recommended by several brokers after the property company doubled its 1995 profits to S$400m.

SYDNEY made gains on strength in the bond market and the All Ordinaries index rose 13.5 to 2,262.9. Volume was 242.9m shares worth A$801.3m. The golds index was 16.2 higher at 2,072.2, with Newcrest up 16 cents at A$5.63.

Bank of Melbourne shed 8 cents to A$7.82 after recent sharp rises in response to market rumours that it was the subject of a takeover bid by Advance Bank, 8 cents cheaper at A$5.66. St George put on 26 cents at A$9.40 after its credit ratings were affirmed by Moody's Investor Services.

Malaysia



Source: FT Extel

KUALA LUMPUR ended firmly, helped by a late afternoon rally in blue chips as Telekom and Maybank found buyers. The composite index closed 21.63 or 1.9 per cent up at the day's best of 1,148.53.

Telekom added 90 cents at M$24.00 on talk of an asset swap with Time Engineering, up 80 cents at M$7.75. Maybank gained 20 cents at M$23.70.

PWE Industries jumped M$28 to M$77.00 on expectations that it would be a major beneficiary of projects related to the Bakun dam. PWE is controlled by Ting Pek Khing of Ekran, the main contractor for the M$15bn project.

BOMBAY recouped some of its recent loss, although analysts noted that foreign institutional investors were cautious and very selective. The BSE-30 index rose 35.06 to 3,291.93.

News that the National Stock Exchange planned to auction a record 2.2m shares of Reliance that short-sellers had failed to deliver on settlement day drew buyers to the issue. Reliance gained Rs14.4 at Rs210.40 on the NSE in volume of 24m shares.

KARACHI retreated as sentiment was soured following a ruling by the supreme court which would curtail the government's power to appoint judges in superior courts. The KSE-100 index lost 23.26 or 1.5 per cent to 1,558.53.

COLOMBO settled back as a number of the market's leading blue chips encountered selling by foreign institutions. The all-share index eased 9.42 to 690.36 in turnover of SLRs49.8m.

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FT-SE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The indices are compiled by FT-SE International and Goldman Sachs in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the indices.

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	WEDNESDAY MARCH 20 1996 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	TUESDAY MARCH 19 1996 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (84)	199.77	-0.2	192.73	134.57	153.45	171.35	-0.3	4.00	200.10	193.60	134.47	153.57	171.85	202.74	158.79	159.93
Austria (24)	183.93	0.1	177.54	123.94	141.32	141.16	0.2	1.60	183.71	177.75	123.46	140.99	140.83	199.28	168.11	189.37
Belgium (33)	206.95	-0.2	199.71	139.41	158.97	154.97	-0.1	3.69	207.50	200.76	139.44	159.24	155.20	215.81	174.36	180.38
Brazil (29)	151.87	0.0	146.56	102.30	116.65	276.44	0.2	1.75	151.91	146.98	102.09	116.58	275.96	170.25	107.35	107.35
Canada (101)	156.67	-0.2	151.19	105.54	120.34	154.29	-0.2	2.44	156.93	151.88	105.50	120.48	154.54	158.71	131.35	131.35
Denmark (33)	291.98	0.2	281.77	196.69	224.25	226.62	0.3	1.80	291.30	281.84	195.76	223.56	225.81	305.17	252.41	261.88
Finland (24)	187.97	-0.5	181.29	126.62	144.38	191.11	-1.0	2.72	188.92	182.79	126.96	144.99	192.94	276.11	171.13	185.79
France (99)	186.81	-0.3	180.28	125.85	143.50	148.25	-0.7	3.12	187.42	181.34	125.95	143.84	148.38	191.17	167.70	170.49
Germany (60)	172.54	-0.4	166.50	116.23	132.53	132.53	-0.3	1.94	173.23	167.61	116.42	132.95	132.95	173.79	142.25	149.09
Hong Kong (55)	425.15	-0.4	411.24	287.07	327.34	423.00	-0.4	3.41	427.89	414.00	287.55	328.39	424.73	451.19	323.87	347.65
Ireland (16)	260.93	-0.5	251.99	175.77	200.43	232.73	-0.6	3.44	262.16	253.65	176.18	201.20	234.01	265.00	206.96	206.98
Italy (59)	73.63	-0.1	71.32	49.77	56.75	85.95	-0.1	2.10	73.92	71.52	49.67	56.73	86.01	82.71	65.81	65.81
Japan (482)	148.70	-0.2	143.50	100.17	114.22	100.17	0.0	0.77	149.06	144.22	100.17	114.40	100.17	164.82	137.75	143.67
Malaysia (107)	542.09	0.4	523.17	365.17	416.79	531.34	0.5	1.63	539.72	522.20	362.71	414.21	528.60	561.96	425.77	478.55
Mexico (18)	1159.91	0.3	1119.22	781.36	890.37	9509.31	0.4	1.46	1156.17	1118.63	776.96	887.31	9497.80	1237.14	683.23	726.09
Netherland (17)	285.24	-0.2	275.20	192.15	219.10	215.31	-0.1	3.22	285.96	276.68	192.17	219.46	215.63	285.96	228.30	231.72
New Zealand (13)	83.04	1.9	80.14	55.94	63.79	64.27	1.4	4.67	81.46	78.81	54.74	62.51	63.39	85.49	72.39	73.10
Norway (33)	238.71	-1.0	233.38	160.81	183.36	208.03	-1.0	2.40	241.02	233.20	161.97	184.97	210.14	243.79	205.19	209.97
Singapore (41)	432.59	-1.5	417.44	291.40	332.27	281.47	-1.2	1.44	439.10	424.84	295.09	336.99	284.77	465.21	350.19	358.22
South Africa (45)	383.94	-0.5	370.51	256.64	294.92	329.71	-0.4	3.16	385.66	373.14	259.18	295.98	331.15	437.76	329.21	337.87
Spain (37)	169.30	0.7	163.38	114.05	130.05	159.34	0.8	3.43	168.09	162.63	112.96	129.00	158.03	175.88	124.10	126.45
Sweden (46)	351.18	0.2	338.87	236.98	269.74	344.49	-0.5	2.39	350.49	339.11	235.54	268.99	346.17	351.16	232.23	238.44
Switzerland (39)	247.50	0.0	238.84	166.73	190.12	183.21	0.3	1.55	247.41	239.38	166.27	189.87	182.70	247.50	176.18	178.37
Thailand (46)	175.05	-0.8	168.93	117.92	134.46	171.58	-0.9	1.91	176.49	170.76	118.60	135.45	172.95	193.95	134.53	137.05
United Kingdom (205)	229.60	0.1	221.57	154.67	176.37	221.57	-0.1	4.22	229.34	221.90	154.12	176.01	221.90	235.50	199.97	199.97
USA (631)	265.32	-0.3	256.04	178.73	203.90	265.32	-0.3	2.18	266.05	257.41	178.79	204.18	266.05	269.11	202.35	202.75
Americas (778)	242.00	-0.3	233.53	163.02	185.89	203.39	-0.3	2.16	242.64	234.76	163.06	186.21	203.81	245.54	164.88	185.18
Europe (726)	206.21	-0.1	199.00	138.91	158.40	179.08	-0.1	3.29	206.33	199.63	138.66	158.35	178.25	206.93	172.79	173.74
Nordic (136)	297.44	0.0	287.03	200.37	228.47	265.46	-0.5	2.33	297.48	287.82	199.92	228.30	258.68	297.48	222.22	230.11
Pacific Basin (832)	162.18	-0.2	156.50	109.25	124.57	111.97	-0.1	1.21	162.56	157.28	109.25	124.78	112.03	171.87	148.86	152.32
Euro-Pacific (1558)	180.43	-0.1	174.11	121.54	138.59	137.01	-0.1	2.11	180.70	174.83	121.43	138.68	137.11	183.39	156.92	161.15
North America (732)	258.61	-0.2	249.56	174.21	198.65	257.89	-0.3	2.19	259.31	250.89	174.26	199.01	258.59	262.26	197.96	198.33
Europe Ex. UK (521)	188.38	-0.1	181.79	126.90	144.70	152.78	-0.1	2.43	188.68	182.54	126.79	144.79	152.90	188.66	153.44	155.82
Pacific Ex. Japan (350)	280.10	-0.2	278.09	192.73	219.76	249.05	-0.2	3.01	286.75	277.44	192.73	220.07	249.63	293.58	233.75	236.58
World Ex. US (1750)	181.79	-0.1	175.42	122.46	139.63	141.18	-0.1	2.13	182.36	176.15	122.35	139.73	141.30	184.71	159.65	161.53
World Ex. UK (2176)	205.43	-0.2	199.24	138.38	157.80	172.41	-0.2	1.85	205.91	199.23	138.38	158.03	172.69	207.64	170.30	171.43
World Ex. Japan (1899)	239.35	-0.2	231.55	161.64	184.31	225.94	-0.2	2.55	240.42	232.61	161.57	184.51	226.41	242.17	191.14	191.84
The World Index (2381)	207.80	-0.2	200.34	139.95	159.47	176.93	-0.2	2.15	208.33	201.27	139.80	159.65	177.22	209.73	173.10	173.93

PLEASE NOTE. Amendments to indices 12/3/96 through to 18/3/96 applied to Malaysia, Singapore, related regional indices and The World Index. Latest prices were unavailable for this edition. Market closed 20/3/96 Japan.